

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

India: A new warrior dents the Gandhi armour, Page 22

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D 8523 A

Austria	Sc132	Indonesia	Rp1100	Portugal	Esc200
Belgium	Bfr48	Israel	NIS 50	S. Arabia	Riy100
Canada	C\$100	Italy	L1700	Singapore	S\$110
Cyprus	C\$100	Japan	Y800	Spain	Ptas165
Denmark	Dkr100	Malaysia	M\$100	Switzerland	Sfr90
France	Ffr100	Norway	Nkr100	Taiwan	Nt\$200
Germany	DM200	South Africa	Rand100	Thailand	THB50
Greece	Dr120	Sweden	Skr100	USA	\$100
Hong Kong	Hk\$100	Turkey	Lira100		
India	Rup15	West Germany	DM100		

World News

Sikh bomb kills 15 Hindus in crowd

Sikh extremists threw a bomb into a crowd of people gathered to watch a popular Hindu epic on television in northern India killing 15 and injuring nearly 30 others. Shortly after the bombing, Sikh radicals shot the state leader of a militant Hindu group in his bodyguard and an aide. In other violence in Punjab, Sikh extremists allegedly shot and killed three police officers. Singh dents Gandhi armour, Page 22

Polish elections

Poles voted for local and provincial councils under a new law requiring voters to choose from at least two candidates. Turnout was low and protesters in three cities staged demonstrations against the elections.

Fresh unrest in Armenia

Hooligans smashed windows in two towns south of Yerevan, the Armenian capital, as tensions continued over a disputed territory in Azerbaijan, Page 4

Czech clampdown

The Czechoslovak authorities deported 32 foreigners following a clampdown at a meeting in Prague between human rights and peace activists from both East and West, Page 4

Clashes in Mehran

An Iraq-based army of Iranians opposed to the regime of Ayatollah Ruhollah Khomeini claimed its troops captured the Iranian border town of Mehran and killed "thousands" of Iranian troops.

Tickets to Israel

The Israeli Cabinet decided to force Soviet Jews seeking to emigrate with Israeli visas to travel directly from the Eastern bloc to the Jewish state. In May, more than 90 per cent of immigrants decided to settle elsewhere.

Taba talks tabled

Israel and Egypt will open talks on their Taba border dispute and said they would ask international arbitrators to delay a decision on whether to control the tiny Red Sea territory, Page 3

Cyprus reunification

Cyprus President George Vassiliou has agreed to meet Turkish Cypriot leader Mustafa Akinci who should control the divided Mediterranean island, Page 4

Namibia set for strike

Tens of thousands of black workers in South African-ruled Namibia have been called-out for a two day strike starting today despite warnings that force will be used to prevent disorder.

Double deals on Cuba

The US is re-evaluating two decades worth of intelligence on Cuba after discovering that many sources were double agents. The US was also investigating romantic encounters between Cuban women and Marine guards at the US Interests Section in Havana.

Khmer Rouge block aid

The United Nations is threatening to halt aid to another Cambodian refugee camp after Khmer Rouge administrators reportedly blocked deliveries of aid and kept refugees from receiving emergency treatment.

Berlin rock concert riot

West Berlin police clashed with about 500 youths including neo-Nazis in a riot after a three-day rock concert at the Berlin Wall.

Rebels name cabinet

The Pakistan-based Afghan guerrilla alliance named a "transitional government" it wants to replace the Soviet-backed government of President Najibullah. Previously named president Ahmad Shah announced a 14-member cabinet and said elections would be held among rebels and refugees within four months for an assembly.

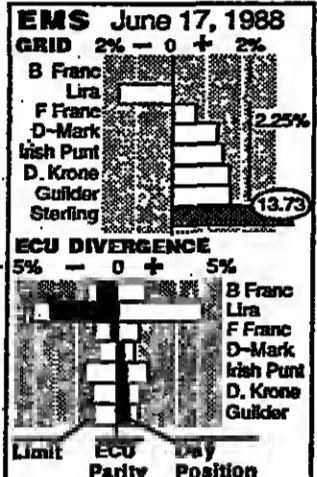
Business Summary

Sony to boost output of TVs made in Europe

SONY, Japanese consumer electronics group, expects to supply almost all of its European television sales from production plants in the region early next year as part of its strategy to increase production and overseas research to match the strength of its foreign sales, Page 22

EUROPEAN Monetary System

Better-than-expected US trade figures boosted the dollar and put further pressure on the D-Mark. The Bundesbank sold dollars but the D-Mark only really stabilised after reports that the Bundesbank would lift its key sale and repurchase rate to 3.50 per cent this week. The French franc shrugged off the failure of any party to win a clear majority at last week's general election and seemed little affected by suggestions that French interest rates may soon be reduced.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rate from which no currency (except the lira) may move by more than 2 1/2 per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU), itself derived from a basket of European currencies.

UK MANUFACTURING industry output will fall slightly in the next four months, the Confederation of British Industry predicts in its June survey of industrial trends, Page 8

COMPAQ, US computer manufacturer, today launches two new products to challenge IBM's leadership of business personal computer market, Page 25

EUROPEAN Community member states are expected to scrap more than a dozen barriers to free trade this week, including long-delayed plans to liberalise the truck industry, Page 4

NATIONAL SAVINGS continued its relative decline in importance to British Government funding in May with a net contribution of \$85.4m (\$12.8m), about \$100m less than the average for each of the first four months of the year, Page 10

INTERMEDICS, leading US maker of heart pacemakers and other medical equipment, has agreed to be acquired by Sulzer Brothers of Switzerland for \$43 a share, or some \$300m, Page 25

KYMNENE, leading Finnish forest products group, begins trading on the London Stock Exchange today. Only the unrestricted shares are being introduced to the London market, Page 25

TEXACO, third-largest US oil company, emerged from a crucial vote of the shareholders with both Mr James Kinross and Mr Carl Icahn, rivals in a struggle for control of the company, both claiming victory, Page 25

HUSKY OIL, Canadian oil and gas group controlled by Hong Kong entrepreneur Mr Li Ka-shing and Nova, the Alberta energy group, is buying all the shares of Canterra Energy, a Canadian energy group, Page 25

LIBYA and Algeria signed agreements dealing with taxation and establishing an "Arab Libyan Algerian bank" for investment.

Right-wing extremists linked to Ozal murder attempt

BY JIM RODGEMER IN ANKARA

POLICE investigating the attempt to assassinate Mr Turgut Ozal, Turkish Prime Minister, are exploring possible links with an extreme right-wing group active before the 1980 military coup. Mr Kartal Demirag, 32, who failed in his attempt to kill Mr Ozal on Saturday during the ruling Motherland Party's (ANAP) annual congress, belonged to the Grey Wolves group which was blamed for many political killings in the late 1970s, security sources said yesterday.

Mr Ozal was only lightly injured with a flesh wound to his right hand and arrived yesterday to vote in the congress with his arm in a sling. No-one was killed in the attack, but about 20 people were injured by bullets and falling glass, and 13 were sent to hospital after the attempt and the police gunfire which followed. Mr Demirag was shot in the arm and is in hospital.

The ANAP conference closed yesterday under greatly increased security. Analysts say the assassination bid could be further evidence of bitter factional feuding in Turkey's far right, particularly between members of extremist groups proscribed after the 1980 coup and former colleagues who they allege reneged by joining ANAP.

By eliminating Mr Ozal - the main bond to ANAP's disparate elements - they might hope to bring about its disintegration, and destabilise the country to their own advantage, analysts say. The Grey Wolves movement was affiliated to the far-right and the now banned Nationalist Movement Party, in the 1970s. Mr Demirag, a teacher, was sentenced to 10 years for attempted manslaughter in 1986, but escaped from an open prison in January this year.

The public prosecutor said yesterday that Mr Demirag had acted in cold-blood, and did not regret it. He will face trial on charges of attempted murder - carrying a 20-year jail term - in two weeks, when he can be moved from his closely-guarded Ankara hospital. Several factors have fuelled speculation about the presence of other members of a hit-team inside the sports hall where the attack took place.

Mr Ozal said yesterday that a bullet parted his hair while he was bending down to take cover. He had already heard a second shot after receiving a flesh wound in his hand from the first. Yet Mr Demirag's 1915 Wabley pistol jammed on the third bullet. Hurriyet, a mass-circulation daily newspaper, reported yesterday that a second gunman tried

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Cyprus talks, Page 6



Business as usual: Ozal appeared at a strongly-guarded congress yesterday, determined to vote despite the previous day's events

UN may withhold up to \$2bn in aid to Afghanistan

By Robin Pauley, Asia Editor, in London

UP TO \$2bn in international aid for Afghanistan could be frozen and withheld from the Soviet-backed regime of President Najibullah as a result of a secret meeting at the UN headquarters in New York today which will mark a dramatic shift in the political forces within the war-torn country. Mr Abdul Haq, a senior Afghan resistance field commander who controls the Kujabulden forces in and around the Afghan capital of Kabul, travelled to New York at the weekend for the meeting with a senior aide of Mr Javier Perez de Cuellar, the UN Secretary General.

This is the first formal link between the UN and the resistance and the fact that a field commander rather than one of the Pakistan-based resistance political leaders has been approached suggests that the UN accepts that a shift of power and influence is occurring within the resistance as the Soviet Union withdraws its army after an occupation which began in 1979.

The meeting may also be the first formal negotiation by the UN, which usually deals with governments, with an individual with no obvious political base, which sets him apart from, for example, Mr Yasser Arafat, chairman of the Palestine Liberation Organisation.

Mr Haq agreed to the meeting in spite of the opposition of some resistance leaders and some external advisers including Britain's MI6 intelligence services. His key demand, which is expected to be met, is that none of the international aid collected by the UN for the reconstruction of Afghanistan and the rehabilitation of 5m refugees should be paid to or through the Soviet-backed Kabul Government of President Najibullah.

If he wins that demand it would be a severe blow to the Kabul Government and would greatly enhance the status of Mr Haq and the other field commanders, some of whom will nevertheless be jealous of his sudden appearance in the international arena. It would also weaken the seven-party resistance political alliance based in Peshawar, Pakistan.

Prince Sadraddin Aga Khan, UN co-ordinator for the Afghan aid and reconstruction effort, has already met President Najibullah's Government

Continued on Page 22

Toronto summit aims to soothe nerves of financial markets

BY PHILIP STEPHENS AND DAVID OWEN IN TORONTO

WESTERN leaders yesterday sought to calm the nerves of the world's financial markets with an upbeat assessment of economic prospects and soothing words on the outlook for interest rates.

As the 14th World Economic Summit opened in Toronto it was still uncertain, however, whether West Germany will move this week to edge up its borrowing costs. Concern about such a rise sparked unease on world capital markets late last week.

The seven nations attending the three-day summit - the US, Japan, West Germany, France, Britain, Italy and Canada - voiced optimism on the prospects of an agreement to boost aid to sub-Saharan Africa.

The only issue apparently threatening the orchestrated harmony was agricultural subsidies. The European Community, represented by Mr Jacques Delors, the Commission president, indicated that it would strongly resist US pressure for new commitments to reduce subsidies.

Community officials also attacked recent moves by Washington to reduce the US grain set-aside programme - which pays farmers not to produce grain - and to lodge formal complaints against European soya bean subsidies.

Mrs Margaret Thatcher, the British Prime Minister, who

Japan, US expected to sign trade pact

JAPAN and the US are close to resolving a year-long dispute over beef and citrus imports to Japan, according to Japanese officials quoted by Reuters in Tokyo yesterday. Both sides agreed to postpone discussions on Japan's demands to impose emergency curbs on beef imports should these rise sharply after trade is liberalised. The US wants a time limit on this provision while Japan wants it to be permanent. With this obstacle removed, the two sides were expected to sign an agreement today, the officials said.

began the economic discussions at the summit, set an optimistic tone which was echoed by other leaders. Growth was stronger than had been expected only a few months ago, inflation was under control and international trade imbalances were narrowing.

Officials from several governments acknowledged that a possible resurgence of inflation was now seen as the main risk facing the world economy, but suggested that concerns in the markets about the implication for

interest rates had been exaggerated.

A spokesman for Mr Noboru Takeshita, Japan's Prime Minister, said his government was not seriously concerned about the outlook for prices, despite recent impressive growth in its economy.

In an apparent reference to West Germany, however, he added that pressures for higher interest rates in other countries might be greater in these circumstances. "delicate handling" was required to maintain confidence in the markets.

The tactics of the seven appear to be to present any increase in West German rates as a minor tightening of policy rather than a trigger for a more generalised rise around the world. British officials said they had no expectation that finance ministers at the summit would consider concerted moves on borrowing costs.

A spokesman for Chancellor Helmut Kohl said that any decision in West Germany would be made by the Bundesbank but added that there appeared no danger of a "strong" rise in rates.

Hopes of a deal to ease the debt burden of the poorest heavily-indebted nations, particularly in sub-Saharan Africa, were

Continued on Page 22
More summit news, Page 3

THATCHER APOLOGISES FOR SOCCER VIOLENCE

MRS MARGARET Thatcher, the British Prime Minister, yesterday took the opportunity afforded by a midday meeting with Chancellor Helmut Kohl of West Germany, to apologise for the behaviour of British soccer fans, writes David Owen from Toronto. British officials said that Mrs Thatcher was "very distressed" by the scenes of violence which erupted at the European Championships in West Germany.

Meanwhile, in London, the British Government said it would review its policies on alcohol abuse and that it may consider curbs on advertising. Mrs Thatcher has demanded that urgent action is nec-

essary to combat the recent outbreaks of drunken violence by young people. Proposals have been under consideration in Parliament for some time, but new impetus has been given to the review by the violence in West Germany as well as serious weekend disturbances involving young people in several of Britain's south-eastern towns. Mrs Thatcher is furious at these events and her involvement has shaken up the discussions, with ministers and officials urgently putting together a range of options.

Review heralds tougher time, Page 8

US arms fraud charges likely

BY LIONEL BARBER IN WASHINGTON

AN INVESTIGATION into alleged widespread corruption and fraud in US military procurement is expected to lead to indictments of up to 70 people on charges of bid-rigging and trading inside information on military contracts.

Law enforcement officials, using wire taps, have persuaded several individuals to implicate others in the scandal, which has revealed a network of civil servants and defence industry contractors profiting from the Reagan administration's \$2,000m military build-up.

The affair threatens to saddle the Republican Party with yet another ethics scandal following the Iran-Contra debacle and the Wall Street insider trading scandals. This in turn could damage Vice-President George Bush's attempt to recover from his low standing in the presidential con-

test polls. Last week, the US Justice Department and the FBI disclosed their two-year-old investigation by issuing search warrants against current and former Pentagon officials and defence contractors, including McDonnell Douglas, United Technologies, Pratt & Whitney, Northrop and Unisys.

The investigation centres on classified information on contract bids and specifications for new weapon systems being traded between Pentagon officials and military contractors, who employed defence consultants, as go-betweens.

One of the key figures emerging in the probe is Mr Melvyn Paisley, a defence consultant who was recruited by the former navy secretary Mr John Lehman. Mr Paisley, formerly an official with

the Boeing Corporation, was assistant navy secretary and navy research chief between 1981 and 1987 and enjoyed a close working relationship with Mr Lehman.

The Washington Post reported at the weekend that a Pentagon memorandum dated 1986 in a court case warned Mr Casper Weinberger, the former US defence secretary, that bid information was leaking from Mr Lehman's office and urged him to raise the matter with his navy secretary.

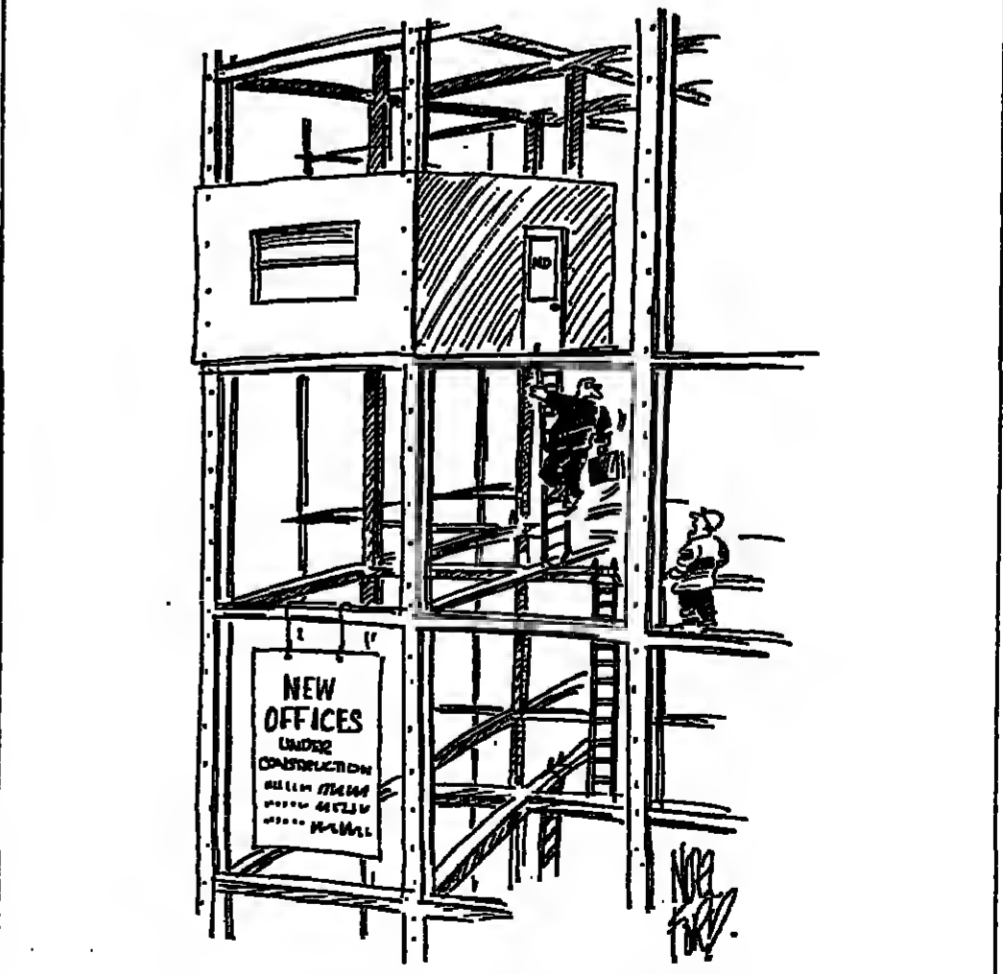
A second level of the inquiry concerns two congressmen who have been identified as targets for questioning, though both men have issued denials of wrongdoing. Mr Ed Meese, US Attorney General, said he expected grand jury indictments within three months.

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THE MONDAY PAGE INTERVIEW
David Gardner talks to Carlos Salinas de Gortari, Mexico's President-in-waiting.
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OVERSEAS NEWS

At his base in southern Angola, Jonas Savimbi talked to Anthony Robinson
Unita lobbies from ambiguous strength

FOR 13 years Unita rebels in Angola, led by Dr Jonas Savimbi, have fought the Government's forces, backed by Cuba and the Soviet Union, in a civil war which has brought economic ruin and misery to what could be one of Africa's richest countries.

This week, as Angolan, Cuban, South African and US negotiators converge on Cairo for the second round of talks aimed at settling the international dimensions of the war, Dr Savimbi is to arrive in Washington on what may be the most important mission in his long career, seeking to make Unita part of any eventual settlement.

The US capital is the first stop in a trip which will take him to London and other European capitals, and to several of the 30 or so African states (including Nigeria, Kenya and Zaire) that give various degrees of support to Unita.

Unita, whose stubborn resistance has sustained the war, has been excluded from the talks aimed to secure the withdrawal of all foreign troops from Angola and implement UN Resolution 435. This calls for independence for Namibia, now ruled by South Africa, through UN-supervised elections.

Dr Savimbi told a news conference in his bush headquarters at Jamba, near the Namibian border in the far south-eastern corner of Angola, that he supports the negotiations. They were an encouraging sign that all sides now accepted the impossibility of a military solution, he said. The most positive element was Soviet

acceptance of the need for a negotiated settlement and its tacit recognition of a link between Cuban troop withdrawal and Namibian independence.

Over the last 13 years, he has built up what is probably the most effective guerrilla army in Africa. The 54-year-old son of an Angolan railway worker, he was trained by China in guerrilla tactics and led Unita from its beginning in the 1960s as one of three liberation movements fighting the Portuguese colonial administration.

He took to the bush again in 1975 when Cuban and Soviet military support for the marxist MPLA movement led to the break-up of a coalition government which lasted briefly after independence from Lisbon.

An agreement just before the Portuguese withdrawal established that a three-party transitional coalition government in Angola be followed by a general election. This was not held, so the US has never recognised the MPLA Government as legitimate.

An agreement just before the Portuguese withdrawal established that a three-party transitional coalition government in Angola be followed by a general election. This was not held, so the US has never recognised the MPLA Government as legitimate.

Unita has been widely labelled a South African stooge because of Pretoria's military support. The heavily-bearded, charismatic Dr Savimbi vigorously denies this. He likens his "tactical alliance" with South Africa to the pact of mutual convenience between the western democracies and Stalin during World War II.

He denies that Pretoria is representing Unita in the four-power talks and points to big differences with South Africa, notably over the South-West Africa Peo-

ple's Organisation. Pretoria calls Swapo terrorist. "I recognise them as freedom fighters," Dr Savimbi said.

However, in the event of Unita joining a coalition government in Luanda, the Angolan capital, neither Swapo nor the African National Congress (the outlawed South African opposition movement) would be allowed bases in Angola, he added.

In recent years, Unita has reduced its dependence on South Africa, thanks to financial support from Sandia Arahia and other anti-communist sources. However, Dr Savimbi denied reports that he is moving Unita's main base from Jamba to a new, US-supplied base in Zaïre.

"If I leave Jamba, it will be to go to Lusanda, not to a foreign country where my freedom would be restricted," he said.

Declaring himself satisfied with the level and quality of US aid so far, he added that he had enough US supplies (of which the most important are Stinger missiles) to last another two years.

Even so, one of his priorities in Washington will be to try to stifle the threat to cut off aid to Unita, made this month by Mr Michael Dukakis, the probable Democratic candidate for the US presidency.

This intervention resuscitates Unita's doubt about US reliability and brings back memories of 1975 when the US Congress, in an isolationist mood after the Vietnam war, refused to counter the first big Cuban and Soviet intervention in Angola and Mozambique.

AFTER WEEKS of haggling over the venue, Mr Fik Botha, South African Foreign Minister, has agreed to go to Cairo this week for the second round of four-power talks aimed to end the civil war in Angola and secure independence for Namibia.

The first round of talks - involving Angola, Cuba and South Africa, with the US acting as mediator - took place in London last month and was followed by an Angolan-South African meeting in Brazzaville, the Congolese capital. After a cordial meeting, both sides agreed that Brazzaville should be the venue for the next quadripartite talks.

Angola then changed its mind. This was reported to be because of Cuban pique at the warm reception given by the Congolese Government to the South African delegation, led by the Foreign Minister and Gen Magnus Malan, Defence Minister.

The main hurdle for delegates at the talks this week will be the infiltration of an estimated 12,000 crack Cuban troops into southern Angola. Pretoria has accused President Fidel Castro of Cuba of seeking to sabotage the talks by sending such units in support of Swapo guerrillas across the border of South African-controlled Namibia.

Instead, it passed the Clark Amendment, which banned US aid to Unita.

Stinger missiles have helped over the last two years to neutralise the threat from Soviet Mig-23 fighter-bombers, Hind helicopter gunships and other sophisticated weapons. Unita has shown ability to use such weapons effectively.

Its 65,000 well-trained men now operate in all the country's provinces, Dr Savimbi claimed, adding that his forces had killed 1,150 government troops and 51 Cubans in more than 400 operations against Cuban and government forces in the past two months. Unita casualties

were 85 killed and 277 injured, he said.

Enemy losses included 14 tanks and armoured cars, four helicopter gunships and two Mig-23 fighters, he said. The most spectacular recent operations include five attacks on the Lobito-Huambo railway line last week.

Dr Savimbi, who displayed two captured Cuban soldiers, claimed that the morale of Cuban and Angolan forces was low despite the recent introduction of 12,000 crack Cuban troops and pilots, which brings the total Cuban contingent up to a new high of 57,000 men, he said.

He confirmed that Cubans are now deployed as close as 12km from the Namibian border. Their motives were unclear but could range from a desire to provoke South Africa or attack Jamba, to an attempt to delay negotiations until after the US presidential election in November, he said.

A march past by more than 1,000 men, before his departure, underlined Dr Savimbi's claim that his main source of supply continues to be the Soviet Union. Every soldier who marched past a line of captured Soviet trucks, armoured cars, artillery and rocket-launchers carried a captured Soviet AK47 rifle.

One senior officer said: "We like *perestroika* but we wish the Russians would make better trucks - the ones we capture are rubbish."



Jonas Savimbi: Seeking reassurance in Washington

Israel and Egypt in final attempt to solve Taba dispute

BY ANDREW WHITLEY IN JERUSALEM

ISRAEL and Egypt are to open last-ditch negotiations in Washington this week over the disputed Taba enclave.

The talks on the six-year-old border dispute come amid strong rumours that an international arbitration panel was about to award the tiny strip of Red Sea beachfront to Egypt.

The squabble over Taba, which Israel retained when it withdrew from the rest of the Sinai peninsula in 1982, under the terms of its 1979 peace agreement with Egypt, has accompanied a steady deterioration in diplomatic relations between the two countries.

Never warm, bilateral relations have silted over the past six months of the Palestinian uprising - the State Department has been working hard behind the scenes to achieve an out-of-court reconciliation over Taba.

Following a surprise visit to Cairo last week by Mr Avraham Tamir, a top Foreign Ministry official closely associated with

the Taba issue, Israel has now agreed to put the issue of sovereignty on the agenda of direct negotiations, as part of a proposed compromise package over the enclave.

"We have nothing to lose," a Foreign Ministry official said yesterday, referring to the private conviction in Jerusalem that the five-judge arbitration panel meeting in Geneva was about to rule against Israel's claim.

This is that the strip of land had formed part of the Ottoman empire, and thus lay within the borders Israel inherited from the British Mandate in 1948.

Yesterday, the top three men in the coalition National Unity Government - Prime Minister Yitzhak Shamir, Foreign Minister Shimon Peres and Defence Minister Yitzhak Rabin - met to agree on the terms of reference an Israeli negotiating team will take to Washington.

The talks with Judge Abraham Sofaer, the State Department's legal adviser, and an Egyptian delegation are understood to be aimed at thrashing out a formula which would secure permanent Israeli access to Taba, a resort housing a luxury hotel and a beach holiday village.

Thatcher 'warned Shamir over activities of Mossad'

BY MAGGIE URRY

MRS Margaret Thatcher, the UK Prime Minister, wrote a secret letter to Mr Yitzhak Shamir, the Israeli Prime Minister, complaining about the activities in Britain of Mossad, his country's secret service, asserts a programme to be shown on British television tonight.

World in Action discloses details of the letter, sent last October, which warned Mr Shamir that Mrs Thatcher would very seriously consider removing Mossad from the list of "friendly" intelligence agencies if it again infiltrated terrorist groups in the UK without informing Britain.

Removal from the friendly list would have the effect of officially banning Mossad from the UK, the programme says.

The Prime Minister's office yesterday said the Government expressed its profound concern to the Israelis last autumn.

The incident followed the discovery by the UK authorities of the extent of Israeli infiltration in a FLO terrorist cell.

Lisbon electoral reforms urged

MR ANIBAL CAVACO SILVA, Portugal's prime minister yesterday called for the urgent reform of what he described as Portugal's undemocratic and Marxist constitution to help meet the challenge of full European Community integration, Reuter reports from Lisbon.

"1992 is on the horizon and we will pay a high price if the constitution is not revised to allow us a fair chance in what will then be an open European market," he told delegates on the last day of the Social Democratic Party (PSD) congress.

The EC aims to weld its 12 disparate national economies into a genuine common market by the end of 1992 in which goods, services, capital and people would be able to move freely across borders.

"We want majority rule to work normally in our country and not be limited by a constitution which is both undemocratic and in favour of Marxist socialism," Mr Cavaco Silva said.

The three-day congress was the first since the PSD won an unprecedented outright majority in parliament in last July's general election.

But any prospects of a festive mood were dispelled by widespread frustration at what is seen as the Government's inability to translate its electoral victory into positive action.

Cavaco Silva's policies of state sell-offs and labour law reforms have been blocked or limited by the left-wing constitution, the most enduring legacy of the 1974 revolution that ended almost 50

years of dictatorship.

Industrial relations are at a new low after general strike over the planned labour reforms and transport workers have said they will resume stoppages to press pay claims.

"It is an entirely new political situation. We've made tactical mistakes but we're learning," said one party militant.

A revision of the constitution, due to start shortly, is vital to Mr Cavaco Silva's plans and he appealed for support from the moderate socialist party to meet the two-thirds majority vote required in parliament.

"Reforms is a national and not a party challenge and we believe an acceptable consensus with the socialists can be reached," he told the 1,000 delegates.

Brazil oil chief slams pay freeze

BRAZIL'S controversial pay freeze policy came under fresh attack yesterday with Mr Ozires Silva, head of the state oil company Petrobras, saying that it was causing chaos, Reuter reports from Sao Paulo.

President Jose Sarney fired Armed Forces chief of staff Paulo Roberto Camarinho on Friday for criticising the freeze, intended to help control the public deficit.

But political analysts said that the Government was under growing pressure to rethink its policy, which has run into serious trouble in the courts. The two-month freeze, introduced in April, applies only to 2m federal employees.

The Folha de Sao Paulo newspaper asked Mr Silva whether the Government's pay policy was a

source of concern for the state company.

Mr Silva replied: "It worries us, it worries us a lot. Today there is real chaos."

He said that some of Petrobras' 55,000 staff had had their pay frozen, while others had succeeded in getting inflation-linked pay rises through court rulings.

With prices in Brazil rising by nearly 20 per cent a month, a pay freeze for even 60 days represents a very sharp drop in standard of living.

Last week most judges in the Higher Labour Court in Brasilia said that the pay freeze in the public sector was unconstitutional because it discriminated between workers.

Political analysts said that the Government would have prob-

lems making its pay freeze policy stick, in the light of the increasing number of challenges.

Mr Malloin Nobrega, the finance minister, brought in the freeze as one of several emergency measures to head off a collapse of the Government's finances.

The freeze is meant to save the equivalent of one per cent of Gross Domestic Product, which last year was \$31.2bn.

Mr Nobrega is trying to keep the Government's public spending deficit this year to 4 per cent of GDP - a central economic target which the Government committed itself to in recent debt negotiations with the International Monetary Fund (IMF).

Brazil wants \$1.6bn in loans from the IMF and \$5.2bn from commercial banks.

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The Regeneration Continues

A year ago we said "Chloride is back" We also acknowledged that there was much to be done in the months and years ahead.

We are pleased to say that many of our long-standing problems have now been dealt with.

We now have a coherent global product and marketing structure.

Thanks to significantly increased productivity at our UK automotive battery company and the closure of the loss-making plant in Denmark, we expect our European automotive battery business to make a profit for the first time in a decade.

We have also made considerable progress at our UK plastics company which now has a positive cash flow.

In electronics we have expanded our power supplies business with two important acquisitions, and we are now regrouping all our UK power supplies activities onto a single site at Peterborough.

In the USA we are purchasing the emergency lighting business of Exide Electronics Corp. and Altus, of California, world leader in lithium battery technology. In Asia we have established Chloride Eastern to focus on this rapidly developing region.

1987/88 was a year of consolidation and hard work. The regeneration of Chloride continues. There is real potential for achieving much higher levels of profitability.

In the year ahead we are planning significant expansion in all our key business areas.

RESULTS FOR THE YEAR ENDED 31ST MARCH		
	1988	1987
Turnover	£307.9m	273.4m
Profit before tax	£18.2m	£17.0m
Earnings per share (net basis)	3.7p	2.9p
Gearing	29%	26%

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OVERSEAS NEWS

Shultz visit signals shift on Central America

By Lionel Barber in Washington

MR GEORGE SHULTZ, US Secretary of State, is to visit Central America at the end of this month in what appears to be a shift by the Reagan Administration towards diplomatic rather than military solutions to the region's problems.

The Administration is looking to shore up the Nicaraguan Contra rebels who have just broken off peace talks with the Sandinista government.

But US officials are also concerned about political instability in El Salvador, where President Jose Napoleon Duarte has been diagnosed as having incurable cancer.

In a television interview yesterday, Mr Shultz said Central America was "a gnawing problem. It is the most troublesome area of American foreign policy," he added.

During his four-day trip between June 18 and July 1, Mr Shultz will meet the leaders of the four countries bordering Nicaragua - Guatemala, El Salvador, Honduras and Costa Rica.

Mr Shultz said no final decision had been made on whether to ask Congress to approve a military aid package for the Contras. But he acknowledged they needed support at a critical stage in negotiations with the Sandinistas.

The Washington Post, quoting a senior State Department official, said the Administration had given up hope of securing military aid from Congress.

Mr Shultz's trip coincides with the end of a temporary 90-day ceasefire agreed between the Sandinistas and the Contras which expires on June 30.

Peruvian exchange rates simplified

THE PERUVIAN Government has reduced its unwieldy multiple exchange rate system for foreign trade from eight rates to five, writes Barbara Durr in Lima. Three of the lowest, subsidised rates for imports were eliminated. The two rates for exporters were also adjusted upward.

The measures were regarded as preliminary steps towards broad economic adjustment.

US set to take harder line on lending to East

BY STEWART FLEMING, US EDITOR, IN TORONTO

THE REAGAN administration, under fierce bipartisan pressure from Congress, is expected at the Toronto economic summit, which opened yesterday, to take a firm line on Western loans to the Soviet Union.

The US stances follows the passage last week, by a vote of 860 in the Senate, of a non-binding resolution that "the president should consult with allied leaders on the impact on Western security of tied and untied loans, trade credits, direct investment, government guarantees and other subsidies to the Soviet Union, (other) Warsaw Pact coun-

tries, Cuba, Vietnam, Libya and Nicaragua." West-East lending is just one of the political issues which President Ronald Reagan and his senior officials will raise at the summit, but it could prove to be the most problematical.

Mr George Shultz, US Secretary of State, said yesterday that another facet of the political discussions, where Washington will be looking for a co-ordinated international approach, is international drug trafficking. However, he appeared to back away from earlier suggestions that the US might seek international support for US sanctions against the

Panamanian strongman Gen Manuel Noriega.

The US is also hoping to make progress in its efforts to secure international support for aid to the Philippines and to Afghan refugees, particularly from Japan, which had plenty of money available, Mr Shultz said last week.

Japan yesterday announced a new five-year plan, under which it would forgive \$1bn of debt and interest payments by 17 of the world's poorest countries, including some in sub-Saharan Africa.

US officials have been making clear for the past week that they

are anxious for Mr Reagan's eighth and last economic summit to go smoothly.

The Congressional pressure for a co-ordinated approach to West-East lending reflects, in part, unease at the near euphoria which surrounded the Moscow summit of the US and the Soviet Union this month, at the end of which Mr Reagan called for the West to "assist" the Soviet leader Mr Mikhail Gorbachev in his efforts to reform the economy.

There is also unhappiness in Congress with the recent lending policies of West German and Japanese banks. Congressional officials maintain these have been making untied loans to Moscow - loans not linked to specific projects.

Senator Bill Bradley, New Jersey Democrat, in a statement which was seen as indicative of the breadth of bipartisan support for a stricter Western line on loans to the Soviet Union, said the allies "must recognise that the unconditional and unquestioned availability of Western capital to adversaries can threaten Western security interests."

He called on the president to work out a "co-ordinated Western approach" to providing such loans.



TORONTO SUMMIT

Briefing papers to reporters travelling with the White House staff to Toronto hint at the hardening of the US position on West-East lending, saying the US "will not make pre-emptive economic concessions in the hope of encouraging the Soviet Union to meet legitimate Western concerns in non-economic areas."

Lower vote predicted for PRI in Mexico poll

By Our Foreign Staff in London

MR Carlos Salinas de Gortari, the candidate of the ruling Institutional Revolutionary Party (PRI), is set to win the Mexican presidential election by a solid majority. But he is likely to win a much smaller percentage of the vote than past PRI nominees, an opinion poll concludes.

The poll, taken by the Gallup Organisation and released yesterday, indicates that Mr Salinas is ahead with 56 per cent of the vote. The left-wing coalition candidate Mr Cuauhtemoc Cardenas is second with 23 per cent and Mr Manuel Clouthier of the conservative PAN party third with 19 per cent. The other candidates have one per cent or less of the vote.

The exact figures in the poll, which was taken for ECO, a US-based Spanish language TV channel, should be taken with more than a pinch of salt: opinion polls in Mexico are notoriously unreliable. But Richard Burkholder of the Gallup Organisation said considerable care had been taken to filter out inaccuracies and distortions, including the use of secret ballots, a wide range of sampling spots and a sample of 1,800 voters.

This election is as much of an experiment for the pollsters as for the politicians. Mr Salinas was handpicked to succeed President de la Madrid as the PRI's candidate, in the time-honoured Mexican fashion. But unusually, he has chosen to open up the elections as a real test of PRI's support and has pledged a clean contest, turning the fairness of the election into an issue.

The PRI is unlikely to be too unhappy with the picture the poll shows. Some analysts believe the PRI's position to be worse. But it does represent a drop in support since 1982, when President Miguel de la Madrid won with 70 per cent of the vote. Mr Salinas' camp hopes for 60 per cent.

Mr Salinas' move to open up the Mexican political system is plainly an uphill struggle. Few of the voters polled had any deep knowledge of all the candidates, and only 47 per cent confessed to giving the matter a substantial amount of thought. Moreover, politicians do not score well when voters assess their credibility: 16 per cent believe none of the candidates to be honest.

Stars converge for a mutual celebration

Philip Stephens weighs up leaders jockeying for attention and showing clout, but offering few initiatives



Takeshita: Danger of eclipse



Mulroney: Strutting busily

behaviour of English football supporters in the latter's country last week. The rampaging fans, detained in their hundreds over the weekend, were not going to be allowed to dent the western alliance.

Mr Kohl's spokesman appeared slightly bemused at all the fuss. Did not all countries have football hooligans? Perhaps Whitehall should be more concerned about the dismal performance of the England team. A West German manager might be the solution, he suggested helpfully.

The West German Chancellor was going to generate his own news. As other nations vied for the credit for the summit's expected accord on increased aid for sub-Saharan Africa, Bonn was adding a new, ecological wrinkle. There should be special additional assistance for those among the very poorest, heavily indebted nations which were willing to protect the environment by promising not to destroy rain forests.

"Environmental conditionality" is how the International Monetary Fund would put it. The thousands of Canadian mounties (police) guarding the

leaders announced their first triumph. An Irishman had been arrested in a Toronto pub for violating immigration laws. He was wanted for questioning, it seemed, by the Royal Ulster Con-

stabulary in relation to unspecified events in the 1970s. The British press corps sensed a big story but Mrs Thatcher's aides confided there had been no threat to her and the arrest appeared coin-

cidental. This is a summit for themes, if not for decisions.

It is the swansong of President Ronald Reagan of the US - the occasion for the White House and the US media to chronicle his triumphs abroad during the 1980s. Even the most cynical of US journalists have been infected by the mood. The early days of the dollar's catastrophic rise, and insults hurled from the White House at the "evil empire" have been quietly forgotten as Mr Reagan turns in his last major performance.

Close to centre-stage is Mrs Thatcher, ready and willing to assume the role of leader of the western alliance. The Thatcher-Lawson-Howe team. British sources confided, was the most experienced at the summit. There was no hint, however, of whether the three had argued about the pound's exchange rate on the flight over.

President Francois Mitterrand of France, however, seems determined to take on the Reagan mantle. Attending his first summit for four years without the right-wing Mr Jacques Chirac as prime minister, the newly re-

elected president sent the summit's protocol chiefs into turmoil by pointedly arriving after the US president. This is a man who will be not be upstaged by a mere prime minister - certainly not by one from Britain.

Mr Noburu Takeshita, Japan's Prime Minister, seems in danger of eclipse, despite a superb tactical move to grab the first headlines by announcing \$1bn of assistance to the poorest countries.

The host, Mr Brian Mulroney, Canadian Prime Minister and chairman of the talks, is feeling far less secure than most of his guests. He has an election to win within the next 15 months and the pundits suggest victory is far from assured.

The summit is his chance to strut on the international stage and he is relishing every moment. Blearsy-eyed journalists find him listing Canada's summit priorities on every TV news programme and in a seemingly endless series of interviews in each of the local newspapers.

Whether a three-day media blitz will win hearts among the fur-trappers of Inuktituk must remain an open question.

UK to press EC on aid for Rover

BY DAVID OWEN

BRITAIN is to use the economic summit to increase pressure on the European Commission to approve the UK's proposal to inject £800m into the Rover car group. This is to prepare it for its pending £150m takeover by British Aerospace.

Mrs Margaret Thatcher, Prime Minister, intervened personally in the affair last week by sending a letter to Mr

Jacques Delors, president of the European Commission, urging that the EC's inquiry into the sale be swiftly concluded.

British officials in Toronto said that the Prime Minister hoped to arrange a meeting with Mr Delors to discuss the subject during the course of the summit's formal proceedings. "We would like to have the matter concluded quickly,"

officials said.

Mrs Thatcher's intervention has been interpreted as an indication that the two sides are still far apart on the size of the injection, which the EC hopes to see scaled back by between £250m and £550m.

It is widely feared that such a reduction would force BAe to abandon the takeover and force the Government to seek an overseas buyer.

IRA suspect arrested on visa charge

BY DAVID OWEN

A SUSPECTED IRA member was arrested in Toronto at the weekend, having been identified in a local public house by British security agents.

Michael Derek Collins was later detained at his home in the city and is being held without bail pending an immigration hearing.

The arrest was made on the grounds that Mr Collins's one-month visa had expired. He

entered Canada from Ireland in September 1987.

British sources said that Collins was wanted by the RUC in connection with unspecified incidents dating from the 1970s.

Police also confirmed the seizure of a weapons cache in a false ceiling in the Toronto area. The find included several loaded guns, other weapons and around 1,000 rounds of ammunition. In a separate incident, three

Buddhist monks were taken into custody by Canadian security agents after they were discovered shadowing Japanese Prime Minister Noboru Takeshita. The monks who arrived by train in Toronto from Quebec were later released without charge.

Britain is one of a number of G7 countries hoping that a meaningful statement on terrorism will emerge from the Toronto meetings.

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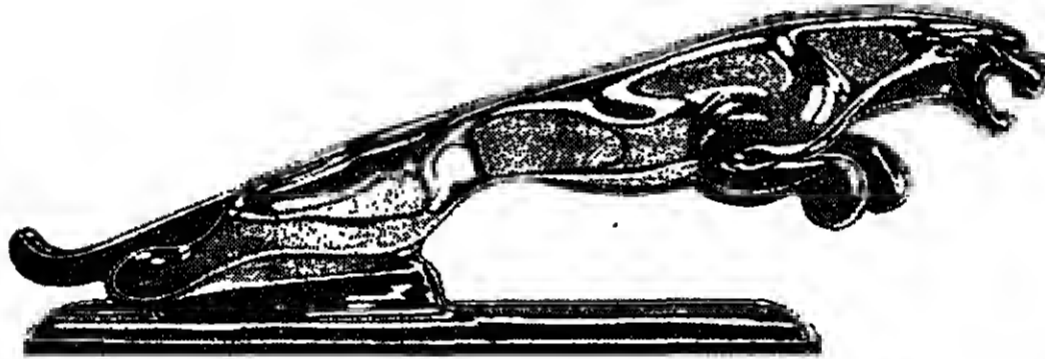
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West German Green Party split widens

BY DAVID GOODHART IN BONN

THE WEST German Greens - beset by internal faction fighting - are losing their position at the helm of Europe's Green movement and distracting attention from the progress of Greens in other countries, according to Ms Sara Parkin a Co-Secretary of the European Greens, a Brussels-based co-ordinating group.

Ms Parkin, attending a "Perspective Conference" of the German Greens in Bad Godesberg, urged the Germans to "stop inspecting the green fluff in their own navels" and find a mechanism for dealing with their internal disputes.

"It was the Greens' triumphant entry into the Bundestag in 1983 that captured the imagination of people around the world and put Green politics onto the map. Greens in other countries are thus greatly saddened by their present difficulties," she said.

The Perspective Conference did little to resolve those difficulties. The split between "realos" and "fundis" is, if anything, growing wider, although it has not yet dented the 7 per cent to 8 per cent of the national vote the Greens attract.

The policy differences over how quickly to close down nuclear power stations or pull out of Nato, are real enough, but no greater than the tensions

between pragmatists and fundamentalists in most radical parties.

What gives the arguments an extra twist is the forced separation of the Greens' 6,000 holders of political office (from the smallest local council to 48 MPs in the Federal Parliament) and the Green party machine. The mainly realo politicians are not allowed also to hold positions in the party - that remains the preserve of the fundis, who thus keep a grip on policy.

Recently the party's image has been further damaged by a convoluted argument between the Parliamentary group and the Party Executive over rape in marriage. And more recently still, allegations of widespread misuse of Party funds have helped undermine the idea of Green purity.

An end to squabbling and drift could, however, be in sight. It has long been assumed that despite their differences realos and fundis needed each other to clear the 5 per cent of the vote hurdle for national representation. An increasing number of realos now believe they can survive, indeed flourish, without the fundis.

Mr Joschka Fisher, a leading realo and former environment minister in Hesse, believes that without fundis the Greens would appeal to German Yuppies.

Apathy and protests mark Polish council elections

APATHY, protests and an opposition boycott marked voting across Poland yesterday, in elections for provincial and local councillors, Reuters reports from Warsaw.

About 26m Poles were eligible to vote for 254,000 candidates contesting 108,846 council seats that are renewed every four years.

The vote was held under a new electoral law that disappointed

liberalisation hopes aroused last year by General Wojciech Jaruzelski, Poland's leader.

The opposition announced a boycott to protest at the prior distribution of seats among the communist party and its allies.

According to election officials, the distribution will be 43 per cent for the communist party, 18 and 4 per cent for its Peasant and Democratic Party allies, and 35 per cent for non-party candidates.

Nine Red Brigades members arrested

By Alan Friedman in Milan

NINE members of Italy's Red Brigades have been arrested in Milan, in a police raid which uncovered an arsenal of munitions and propaganda material.

In one of the biggest raids conducted by Italian authorities in recent years, police found machine guns, pistols, bombs, the equivalent of £36,000 in cash and thousands of pages of propaganda material.

Magistrates began interrogating the nine suspected terrorists at the weekend, among whom is believed to be a trade union official. They believe it is possible the Milan "cell" was planning a major assassination or robbery.

The investigating magistrates are also examining the weapons cache and believe some of the arms found may have been used in past Red Brigades murders.

The raid took place at a two-room apartment on the fifth floor of a nondescript building near the edge of Milan.

With the weapons were found posters, banners, leaflets and documents relating to the Red Brigades.

The cash is thought to be part of the proceeds of a Red Brigades attack on a postal van in Rome early last year.

ACHILLE OCCHETTO HEADS OPPOSITION'S NEW GUARD

Italian communists seek to stem decline

BY JOHN WYLES IN ROME

THE Italian Communist Party's increasingly desperate search for an electorally rewarding new role will receive an uplift tomorrow with the installation of Mr Achille Occhetto as its new leader.

Whether the changing of the guard in Italy's main opposition party will bring with it a lasting change of fortune is still open to doubt. The rank-and-file are looking for a leadership capable of reversing the party's steady electoral decline, but a winning formula has so far remained elusive.

Ms Nilde Iotti, a senior PCI leader who is now president of the lower house of parliament, said during a visit to England last week that the party had been

A 15.6 per cent rise in exports helped contain the Italian trade deficit in April to £688m (£291m), compared with £1,381m in the same month last year, John Wyles reports from Rome.

Imports were 8.6 per cent

higher than in April 1987, reaching £14,475m. In the first four months, the import total reached £56,475m - 9.2 per cent up. Exports increased by 8.5 per cent to £49,345m to register a four-month trade deficit of £5,241m against £5,371m a year ago.

without reconstituting the party's ruling group, currently a fuddled mixture of nostalgic Marxists and closet Social Democrats, of old campaigners bloodied in the industrial battles of the 1960s and 1970s, and young reformers in their forties.

Mr Occhetto, 52, is promising a "new road" for the party without saying what it should be - an approach which encourages a dissentient rump to argue that its "line" and the choose its leader.

A quick-witted, combative former leader of the young Communists, the new secretary already has an illustrious party career behind him. He is clearly effective with the members, but his challenge will be to reach out to the non-believers.

Montedison in Hungary venture

BY ALAN FRIEDMAN IN MILAN

ITALY'S Montedison chemicals concern has agreed a joint venture in Hungary for the construction of two plants for the production of polystyrenes.

The deal will see Montedipe, a Montedison subsidiary, taking a 35 per cent stake in the venture. Dnnai Koolajipari Vallalat (DKV), a Hungarian company, will also have 35 per cent, while the World Bank's International Finance Corporation will have 15 per cent and Hungarian institu-

tions will hold the remaining shares.

The value of the deal was not disclosed, but Montedison said that IFC and Monte dei Paschi di Siena, an Italian bank, would provide financing for L90bn (£39m) toward the project.

The joint venture company, to be called Dunamont, will begin production in March 1991. Annual output of 45,000 tonnes of anti-shock polystyrene, under licence from Montedipe, is fore-

Greenpeace admits warships protest

GREENPEACE activists said they were responsible for painting symbols of radioactivity on US and Soviet warships in the Mediterranean at the weekend in a protest against nuclear arms at sea.

Italian television yesterday showed Greenpeace film of the protest, which the group said took place in the Gulf of Hammamet off the Tunisian coast.

SHIPPING REPORT

Tanker market enjoys revival

By Kevin Brown, Transport Correspondent

THE oil market remained confused and volatile last week in response to what traders saw as the inability of the Organisation of Petroleum Exporting Countries to resolve their production quota problems.

Crude oil prices drifted downwards after the decision by Opec oil ministers to roll over their present ceiling of 15.06m barrels a day, which is generally thought to be about 3m b/d lower than actual production.

But the tanker market enjoyed something of a resurgence as the number of inquiries rose, leading to a slight increase in rates and a substantial increase in prospects for owners.

Brokers said excess production appeared to be going into storage, and E.A. Gibson said there were unconfirmed reports that a number of vessels had been recently taken for this purpose.

In the Gulf, demand for very large crude carriers was noticeably higher.

GLOBAL INTEGRATION OF JAPANESE MANAGEMENT

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Breaking New Paths

The changes underway at Brother Industries mirror those within Japan itself. Heavy dependence on export markets has forced a reorganisation.

Now, With a range of new innovative products, the company is aiming at boosting domestic sales and improving the bottom line.

Senior managing director Yoshihiro Yasui explains.

By Brian Robins



Mr. Yoshihiro Yasui, Senior Managing Director, Brother Industries, Ltd.

Robins: How are your plans to reorganise operations progressing?

Yasui: 1990 will mark the final year of our second five year plan. Of course, the high yen and trade friction are affecting our management drastically.

So, starting last year we launched a new plan, which can be divided into three parts. Firstly, by the end of 1990, we are aiming at total annual sales of £250 billion. More and more in Japan you can see the diversity of customer needs, and there is also a great deal of competition from NICs, trade friction, currency appreciation and technological innovation.

Export ratio to decline

In light of this, we are seeking to reduce our export ratio from the present level of around 65 per cent, to around 50 per cent by 1990.

The second policy is that we are now targeting the domestic market. We are now developing four product areas—home electric appliances; communication equipment, extending our existing typewriter range with many more functions; image production equipment, and apparel. By developing these four product areas, we are targeting the domestic, as well as the international market.

These days, equipment is systematised, so by utilising diversified technology, we are confident of making headway with our plans. Our export ratio is very high, so, with the currency shift, we have advanced plans to localise our operations. We have had production in many countries for some time, servicing their local markets. But now, we want them to service their region as well. So that, for example, our UK plant, which we established three years ago, is supposed to cover not just the United Kingdom, but also Europe, centring on EC nations.

Also, we have a joint venture plant in Brazil, which is to service demand in South America, and our US plant serves North America. Equally, some of our operations, for example South Korea service their local market, while others, such as Taiwan, we will use to export to Japan and to third countries. So that our overall sales pattern is becoming more complex. Of course, there are concerns with the 'hollowing out' of Japanese industry, and we are trying to cope with that problem as well.

Communication equipment growing rapidly

Robins: But even with the changes implemented over the past few years, most of the sales growth has come from traditional product areas.

Yasui: Certainly, the industrial sewing machines are in a good phase as are home sewing machines, which are doing well in the domestic market. In the field of communication equipment, including typewriters and printers are also doing well overseas because the overseas production phase has started. Overseas production sales of communications equipment, including typewriters and printers, along with microwave ovens and home sewing machines will be in the range of £20 to £30 billion, up from £15 billion last year.

Robins: Of your overseas markets, Europe now appears to be as important as North America?

Yasui: Clearly, both markets are very important to us. In terms of exchange rate movements, the link between European currencies and the yen has been much more stable when compared with the US dollar.

Robins: But in terms of future production plans, how do you see your European operations developing?

Yasui: Our policy is to produce our products where they service people's needs. So, in Europe, we should emphasise the production of typewriters, printers, maybe microwave ovens and perhaps in the future, apparel sales. Products in these areas sell well in Europe.

We at Brother Industries always emphasise not just the machine, or hardware, we sell, but also the software, or the emotional impact that our products have on peoples lives. Let me explain. In Europe, microwave ovens are becoming increasingly popular, because they are practical, but also help improve the standard of living or lifestyle. We sell microwave ovens in Europe, but not just the piece of equipment itself. Rather, we seek to promote not just the microwave oven, but also the impact that it can have in improving the overall quality of life.

So, we emphasise the cooking,

as much as the microwave oven itself. Similarly with our sewing machines, where we sell a product which gives satisfaction in a practical as well as an emotional sense to the customer.

Robins: In your experience, how does the quality of the parts you source from your local suppliers overseas compare with that available in Japan?

Yasui: As you are aware, Japanese always emphasise the quality of their products, which is well recognised in the world market. Of course, there are additional factors such as the requirement for reasonable pricing, after-service and also delivery must be timed to meet customer needs. But we always have a policy of quality first.

Local parts supply to expand gradually

If we begin to source parts from, say Spain, the United Kingdom, West Germany and so on, then it begins to affect the quality, cost or delivery schedules. If, for example, the local content level is set too high, we will suffer in terms of the quality, cost and delivery. So, we hope that local content rules will not be too rigid. But gradually, local content will be built up little by little, in a steady manner to meet the needs of foreign countries.

To be co-operative and also competitive internationally, we are trying to bring our engineering skills to the local parts manufacturers where we source some products, and also our management style to our parts suppliers. But it takes time for them to reach the stage of becoming good parts

manufacturers that we can rely on.

For example, we have a plastics manufacturer who is a business partner that we rely on, and we showed them our plant, so that they could see our equipment and how we use the parts and materials that they supply to us. After that, they adapted their production to more fully meet our needs. So it will work in the long run.

Robins: Why is Brother Industries such a strong supporter of utilising the Olympic Games as promotional event?

Yasui: The Olympic Games symbolises international friendship and peace. We have a motto here at Brother Industries which says that those who make good products, make good friends. So, if we make good quality typewriters or microwave ovens, which satisfy our customers, then we are sure that we will make good friends among the consumers that buy our products internationally.

So, an major international event such as the Olympic Games provides us with the opportunity to promote this image effectively to our existing and potential customers.

Computer imaging and optics targeted for growth

Robins: As part of your reorganisation, R&D is very impor-

tant. What is the major point of emphasis?

Yasui: To meet the goals of our present five year plan, there are some issues to be tackled, especially in the field of research and development. For example, with computers, we should move more towards image processing technology. Also, we are trying to develop the new technology of optics-related products. So far, we have developed technology in the field of mechanics, for example, producing traditional sewing machines.

As a manufacturer, the development of new technology, and manufacturing is very important. We have always considered the basics of manufacturing to be mechanised. But now, we are trying to renovate our approach, to meet the new challenge, to produce new products with higher precision.

In the Japanese language, mechanics and electronics merged to form mechatronics. The mechanical phase is very important in the production phase, but these days the fusion of mechanics and electronics results in a new generation of technology based on mechatronics.

This enables new technology in the field of electronics weighing and computers. We are devoting a great deal of effort to this area, and we believe that it will have a material effect in helping us to make further advances in the future.

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WORLD ECONOMIC INDICATORS

INDUSTRIAL PRODUCTION (1988 = 100)

	May '88	Apr. '88	Mar. '88	May '87	% change over previous year
US	125.2	124.8	124.0	118.0	+6.1
UK	116.5	114.5	112.5	111.5	+4.3
Japan	111.3	112.5	111.7	100.3	+11.0
W. Germany	110.0	108.5	106.6	105.9	+3.9
France	106.5	105.3	105.9	103.5	+2.9
Italy	104.2	104.8	110.1	100.9	+3.3

Source: (except US) Eurostat.

FINANCIAL TIMES CONFERENCES

TWO BANKING CONFERENCES ON THE EVE OF THE FT CENTENARY EXHIBITION

THE FINANCIAL SERVICES ACT - LEGISLATION IN ACTION - JULY 5
BLACK MONDAY - NINE MONTHS AFTER - JULY 6

These two conferences with exceptionally distinguished speakers are to be held at the London Inter-Continental Hotel. Mr David Walker is to deliver his first address as SIB Chairman on July 5 and the Hon Francis Maude, MP, Sir Mario Jacobo, Mr John Morgan, Mr John Young and Professor Charles Goodhart are among the contributors. Deloitte Haskins & Sells are co-sponsoring and Mr Keith Woodley of that firm will be in the Chair.

On the following day, the conference, Black Monday - Nine Months After, brings to the FT platform Sir George Blunden and Professor Robert Clauher of the Brady Task Force as well as the Rt Hon Denis Healey, MP, Mr Terry Smith and Mr Gordon Macklin. Mr Jack Hennessy is to chair and deliver the opening address. The conference looks at the reasons for the events of late October, the responses of regulators, markets and players, the risk of further trouble and the robustness of the securities industry should that occur.

CENTENARY EXHIBITION AND EVENTS

London, 7, 8 & 9 July 1988

For the first time ever the FT is holding a series of conferences, workshops and events for its readers over the three days of the Centenary Exhibition which will be held at the Queen Elizabeth II Conference Centre in Westminster. Offered at £10 each, conference subjects include Capital Protection and Growth, Personal Pensions, Alternative Investments, Esprit de Requirements, Gold, the 1988 Budget & Personal Financial Planning and an Introduction to Investment. The programme of events includes an evening cruise and symphony concert, a Sotheby's tutored tasting of investment quality wines and a book reviewers' evening chaired by the FT Literary Editor, Lucia van der Post. Editor of "How to Spend It" and a team of experts, will devote an afternoon to executive fashion for men and women - an important way of investing in yourself. The Exhibition and conferences are designed to enable investors to meet and hold discussions with bankers, brokers, investment advisers, food managers, tax planners, pensions consultants and firms offering alternative investments in this central London location.

COMMERCIAL AVIATION TO THE END OF THE CENTURY

London, 30, 31 August & 1 September 1988

The accelerating pace of expansion in commercial aviation worldwide and the impact this will have on all existing facilities for the rest of this century will be the subject of the Financial Times latest conference to be held in London on 30, 31 August & 1 September, 1988 just before the Farnborough International Air Show. Speakers will include Sir Colin Marshall, Mr Heinz Ruhnau, Dato Abdul Aziz Rahman, Dr Günter Eser, Mr John Hayhurst, Mr Jim Worsham, Mr Stuart Iddles, and Mr Sydney Gillibrand, the guest lunch speakers will be The Lord Brabzon of Tara, Parliamentary Under Secretary of State for Transport and Mr Matthew Socozza, Assistant Secretary for Policy and International Affairs, US Department of Transportation.

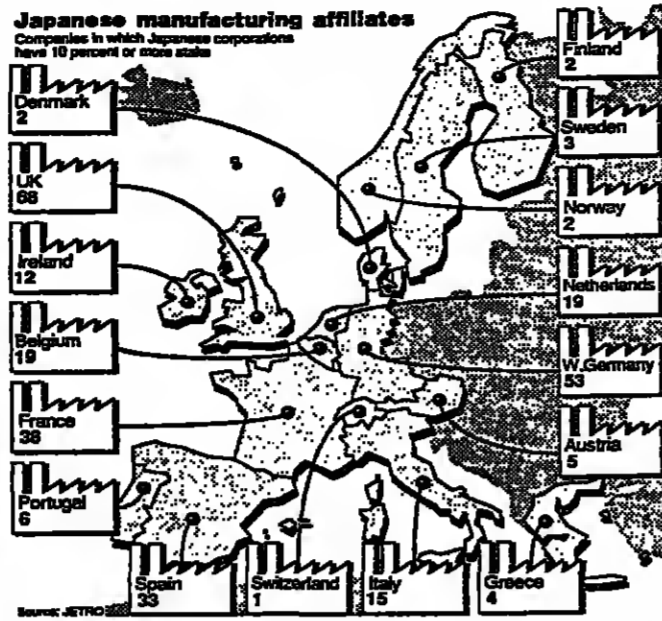
All enquiries should be addressed to:
The Financial Times Conference Organisation, 2nd Floor, 126 Jernyn Street, London SW1Y 4UJ. Tel: 01-925 2333 (24-hour answering service) Telex: 27347 FT CONF G Fax: 01-925 2125

OVERSEAS NEWS

Japanese strive to become good Europeans

EXECUTIVES OF Japan's manufacturing companies often express the wish these days to be "insiders". However, this odd-sounding desire has nothing to do with illicit share trading.

Under pressure from anti-dumping offensives, Japan's businessmen are eager to get inside the European market before internal trade barriers fall in 1992, reports Ian Rodger



Sony, the undisputed paragon for the moment, proudly presents in one hand its (two) Green's awards for export from the UK while showing in the other the Sony brand wine from the vineyard it so respectfully preserved when setting up a plant in Alsace two years ago.

Operating in the EC employed 75,000 people, less than IBM alone. Lately, they have complained that it is difficult to raise local content because of the lack of suppliers in Europe of high quality components.

Europe, but less than 15 per cent of Canon's total production is now done outside Japan. Mr Kaku has also fully embraced the idea that Canon has to contribute to the regions in which it does business.

EC member states to end barriers in truck industry

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN Community member states are expected to agree to scrap more than 500 barriers to free trade this week, including long-delayed plans to liberalise the truck industry and to give professionals the right to practise across the European Community.

EUROPEAN Community member states are expected to agree to scrap more than 500 barriers to free trade this week, including long-delayed plans to liberalise the truck industry and to give professionals the right to practise across the European Community.

scheme, which will ban by 1992 country-to-country area EC-wide quotas on the number of truck licences allowed between member states.

Minister predicts cut in Belgian taxes

MR PHILIPPE MAYSTADT, Belgium's Finance Minister, yesterday said that he hoped to have measures to cut Belgian income tax rates, which are among Europe's highest, through Parliament by the end of this year.

But he stressed the reform would not be allowed to add to the Government's heavy budget deficit, which the coalition aims to cut to 7 per cent of gross national product by the end of 1989 from an estimated 8.5 per cent this year.

W Germany 'to back Airbus loan to East'

WEST GERMANY is planning to guarantee a commercial loan to the East German Government to help finance the purchase of three aircraft from Airbus Industrie by the East German state carrier Interflug, the West German weekly Der Spiegel reported.

Mitterrand's popularity drops sharply

BY PAUL BETTS IN PARIS PRESIDENT François Mitterrand and Mr Michel Rocard, the Socialist Prime Minister, have both seen their popularity drop sharply in the first public opinion poll since last Sunday's French general election.

election in which the Socialist Party won an absolute majority in the National Assembly.



Mitterrand: 49 per cent are satisfied with him

aided took part in the recent delegation sent to New Caledonia by Mr Rocard to re-establish a dialogue between loyalists and separatists.

Cyprus reunification talks announced

MR GEORGE VASSILOU, Cyprus President, has agreed to meet Mr Band Denktash, Turkish Cypriot leader, to discuss re-unifying the divided Mediterranean island, according to an official announcement published yesterday.

MPs to meet Tehran officials

AN ALL-PARTY group of British parliamentarians was yesterday flying to Tehran in what one of them described as an attempt to make a "small but positive step" towards improving Anglo-Iranian relations.

Britain, which has had no permanent representation in Tehran since a tit-for-tat series of expulsions of diplomats last summer.

For its part, Iran will be looking for signs that Britain is prepared to be more accommodating towards its search for a face-saving way out of the Gulf war.

Czechs crack down on rights meeting

THE Czechoslovak authorities deported 32 foreigners at the weekend following a clampdown at a meeting in Prague between human rights and peace activists from both East and West.

Other deportees said it was clear that the Czechoslovak authorities were unwilling to allow its citizens to get together informally to discuss human rights and peace, in spite of the fact that similar meetings had taken place in Moscow, Warsaw and Budapest.

Armenian tension continues

HOOLIGANS smashed windows in houses in two towns south of Yerevan, the radio in the Armenian capital reported. It appealed for calm as tensions continued over a disputed territory in Azerbaijan, Kenter reports from Moscow.

Table titled 'GRANVILLE SPONSORED SECURITIES' listing various stocks with columns for company name, price, change, and yield.

Libya in tax pact with Algeria

LIBYA and Algeria yesterday agreed a meeting on Saturday of the Secretary-General's proposal and another established an "Arab Libyan Algerian bank" for investment.

Credito Italiano S.p.A. 1987 results

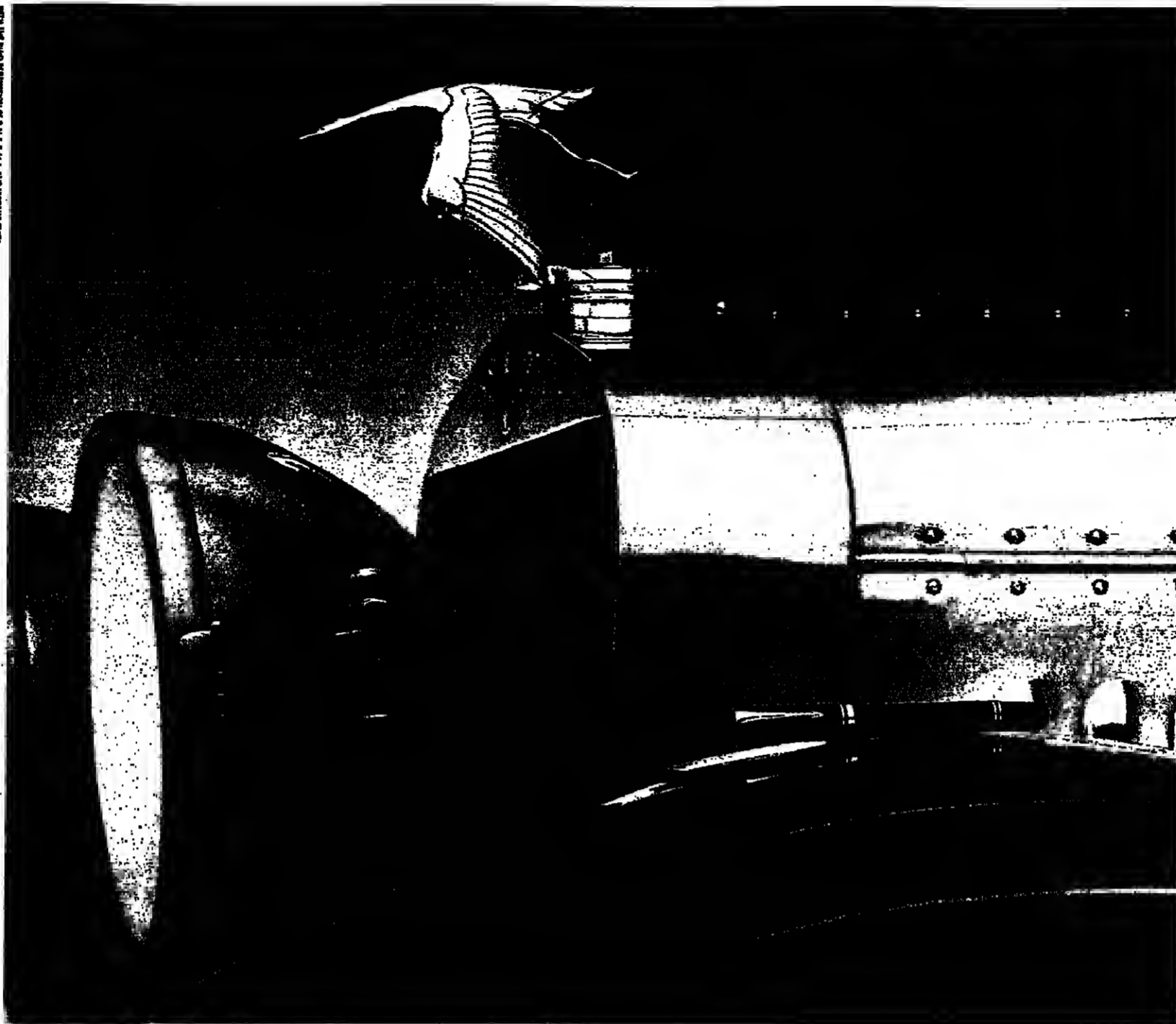
Table of financial highlights for Credito Italiano S.p.A. for the year 1987. Includes items like Loans & Advances, Customer Deposits, Shareholders' Funds, Total Assets, Operating Profit, and Net Profit.

The year ended December 1987 closed with a net profit of Lit 138.4 billion. Lit 14 billion has been appropriated to Reserves.

The dividend for the year on ordinary shares will be Lit 75, while the dividend paid on savings shares will be Lit 90.



Handwritten Arabic text at the bottom of the page.



Little wonder they don't build cars like they used to.
Building a pen is difficult enough.

Oh, the elegant lines of the 1925 Hispano Suiza. Oh, the elegant lines of the 1927 Parker Duofold.

The car may no longer be available, but our approaching centenary has provided a suitable excuse for the return of this favourite Parker pen design.

Like today's top cars the Duofold Centennial's working parts are state-of-the-art. But unlike them, its workmanship is somewhat old fashioned.

Rather than mould the cap and barrel 'en masse,' we machine them as we did in the old days, from a solid block.

Rather than cut the nib from some modern metal, we stay true to gold.

Rather than slit the nib on some new fangled contraption, we still do the job by hand, using a blade no thicker than a human hair.

And just as Hispano Suiza road tested its cars thoroughly after manufacture, each Duofold Centennial is examined by a white gloved inspector. If deemed perfect, it is filled, written with and cleaned before being released for sale.

It is an exhausting way to produce a pen. But, as with the Hispano Suiza, the looks and handling provide ample reward.



 PARKER 

UK NEWS

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Industry group says outlook is 'less buoyant'

BY MICHAEL PROWSE

THE OUTLOOK for British industry is less buoyant than in recent months, says the Confederation of British Industry in its June survey of industrial trends, out today.

The survey covers 1,357 companies which together employ about half Britain's manufacturing workforce. It forecasts a small reduction in the growth of manufacturing output in the next four months and reveals a slight loss of confidence on the part of British industrialists.

The balance of companies predicting increases in output (those expecting increases less than those expecting declines) was 30 per cent in June, compared with 34 per cent in May.

The balance of firms reporting "above normal" order books was 13 per cent, compared with 21 per cent in May. This was the weakest figure for order books since November.

Export order books were also slightly less strong, with 23 per cent of companies reporting above normal orders compared with 25 per cent in May.

The balance of companies expecting prices to increase over the next four months rose to 21 per cent in June, from 18 per cent

in May, but remained well below levels recorded earlier in the year.

Mr David Wigglesworth, the chairman of the CBI's economic situation committee, said the slight weakening of order books "could be an indication that the rate of economic growth is starting to moderate to more sustainable levels."

However, he warned against reading too much into a single month's figures and said next month's quarterly trends survey would give a clearer picture of economic developments.

So far as inflation was concerned, it was encouraging that "the growth in output continues to match demand."

The findings of the CBI survey are in line with recent macroeconomic statistics. Figures released by the Central Statistical Office on Friday show that manufacturing output, although at the highest level since 1974, is no longer growing rapidly.

Output in the three months to April was 0.2 per cent lower than in the previous three months.

Official figures also show that inflation is rising. The retail price index rose by 4.3 per cent in the year to May, the highest increase for seven months.

THF says it would sell Savoy stake

BY PHILIP COGGAN

TRUSTHOUSE FORTE has said it would be willing to sell its stake in the Savoy Hotel group if a buyer appeared prepared to pay the current share price.

The statement came in a letter to Savoy group shareholders, sent as part of the long-running battle between Trusthouse Forte, one of the largest hotel groups in the world, and the much smaller Savoy group.

Trusthouse Forte owns 69 per cent of the Savoy equity - but controls only 42 1/2 per cent of the votes because of a two-tier share structure introduced in 1961.

Mr Rocco Forte, chief executive of Trusthouse Forte, said yesterday: "We are not aiming to be sellers of the shares. Our prime purpose is eventually to gain control of the Savoy group."

But Trusthouse Forte regards the current Savoy share price as "completely unrealistic". It has said that it is not prepared to acquire any further Savoy shares at current prices.

Trusthouse Forte says speculation that it would be prepared to pay high prices for small amounts of shares has buoyed up the Savoy share price. However, Trusthouse Forte says it has not acquired any shares in Savoy since 1983.

Trusthouse Forte says that the Savoy Hotel group is capitalised at £600m, representing a price/earnings multiple of 72. This would effectively value the hotel chain, which includes Claridge's

and Connaughts as well as the flagship Savoy Hotel on the Strand, central London, at approaching £1m per room.

If Trusthouse Forte does obtain more than 50 per cent of the votes, it says it would make a general offer "at a fair value" for the remaining shares.

Trusthouse Forte's brokers, Phillips & Drew, consider that on normal trading grounds the value of the Savoy group would be between £175m and £200m.

The circular to Savoy shareholders concerns an Extraordinary General Meeting which is due to be held on July 1.

At that meeting, the Savoy board is asking shareholders to censure Trusthouse Forte for its latest round of litigation against the company.

Central to the dispute is a key 5.77 per cent of high-voting "B" shares which Trusthouse Forte is seeking to have disenfranchised.

Trusthouse Forte claims that the shares, which are beneficially owned by a Swiss-based charity, were improperly issued.

The Savoy board, however, says that if the shares are disenfranchised then Trusthouse Forte will be given effective control of the company, and that this would not be in the best interests of shareholders.

But even if the Savoy board wins the vote at the EGM, Trusthouse Forte is likely to press ahead with its court action.

Review heralds tough line on alcohol abuse

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is to review its policies on alcohol abuse, and may consider increases in alcohol taxation and curbs on its advertising.

The review follows demands by Mrs Margaret Thatcher, the Prime Minister, that urgent action is necessary to combat recent outbreaks of drunken violence by young people.

Proposals on alcohol abuse have been under consideration for some time by a ministerial committee chaired by Mr John Wakeham, the leader of the House of Commons, and discussions with the drinks and advertising industries have taken place.

However, new impetus has been given to the review by reports of serious disturbances involving young people in several rural south-eastern districts, as well as by the violence in West Germany by English football supporters during the present European football championship.

Mrs Thatcher is furious at the events and, as so often in Whitehall, her intervention has shaken up the discussions, with ministers and officials urgently putting together a range of options. This involves both the Wakeham committee and a report being prepared by Mr

Douglas Hurd, the Home Secretary, on measures to tackle hooliganism.

Among the main options being investigated are:

• Increases in Government duties on beer and possibly other alcoholic drinks to raise the price, which has declined in real terms, and to extend the recent budget concession in favour of low-alcohol and alcohol-free drinks;

• Orders by the Home Office to magistrates to be more restrictive in granting liquor licences and in approving late-night extensions;

• Further encouragement to brewers and advertisers to tone down advertising aimed at young people.

Any changes in the level of duty on alcohol would be closely scrutinised by the Treasury, particularly in view of European Community efforts to harmonise indirect tax levels. The Treasury is thus refusing to make any commitment yet on the structure of alcohol taxation.

The subject of alcohol advertising has already been closely scrutinised by the Wakeham committee which rejected calls for banning television and cinema advertising and instead proposed changes in the code of practice

for such adverts. The Independent Broadcasting Authority and the Advertising Standards Authority are preparing an adjustment of the code to take account of this concern.

However, much stronger action was urged by Baroness Masham's report on alcohol and young people for the Home Office Standing Conference on Crime Prevention. This called, among other measures, for a ban on alcohol adverts on television and cinema.

Yesterday, in a BBC Radio interview, Lady Masham noted that the Home Office had been looking at the report since last November and stressed the "very serious" nature of the problems. She urged restrictions on drinking in public places and a more active role for licensing justices.

On the same programme, Mrs Ann Taylor, a Labour home affairs spokesman, said the Government had got its policies and priorities wrong, since the recent Licensing Act had extended licensing hours, encouraging more drinking and longer drinking, before the problems associated with alcohol had been tackled.

The act, which recently became law, allows pubs to open for up to 12 hours from Monday

to Saturday, and because of a mistake in the House of Lords by Lord Ferrers, a Home Office Minister, an extra hour of drinking will be permitted on Sundays.

Maggie Urry writes: Mr Alec Rankin, chief executive of Scottish & Newcastle Breweries, said: "The (Government's) proposals would appear to penalise the large majority of people who enjoy and utilise drink in a sensible way." He argued that current concern was focused on the behaviour of "a very small but irritating minority of people" and that measures under discussion seemed to be an over-reaction.

Mr Rankin added that the real issue was the motivation of alcohol abusers. He said "we must be very careful we are not dealing with the manifestation rather than the root cause."

Mr Rankin, who is also vice-chairman of the Brewers' Society, a trade body, said: "The brewing industry and my company support moderate drinking in every way." Brewers had, he said, developed and launched products which are lower in alcohol or alcohol-free.

He said it would be hard to gauge the effect on brewers of the proposals until specific measures had been put forward.

Unions brace for final split over outlawed no-strike deals

BY PHILIP BASSETT, LABOUR EDITOR

BRITAIN'S unions look set this week for a significant split when the Trades Union Congress's general council votes to suspend from membership the EETPU electricians' union for refusing to obey instructions from the unions' umbrella body to withdraw from two single-union, strike-free agreements.

Senior union leaders said yesterday that no compromises were available. They said the TUC had to uphold its decisions regulating inter-union conflict.

The general council is expected to vote on Wednesday to give the EETPU formal notice of suspension, to come into effect within about two weeks.

Leaders of the EETPU said yesterday that no compromise was available, as union shop stewards gathered for a series of conferences, that they expected no union other than the electricians' ally, the AEU engineering union, to vote against suspension.

The EETPU's executive con-

firmed its refusal to accept the TUC's instructions on its deals with Orion Electric in South Wales and two Christian Salvesen depots. Union leaders said they had racked their brains to try to find a formula to prevent suspension, but could not do so.

Insisting that the union would not accept the TUC's instructions, Mr Eric Hammond, EETPU general secretary, said: "It has become a black and white position: you either accept the instructions and stay in, or you don't accept them and go out."

He hoped the split would be a separation rather than a divorce, but said that even if the EETPU merged, as planned, with the AEU, the new union would not accept the TUC's order on the two agreements, which might lead to it too being excluded.

EETPU executive members and officers yesterday presented reports of soundings taken in the union among shop stewards, at

local conferences and among members on the issue. They were showing support for the union's stance, with some unofficial local votes recording majorities of more than 90 per cent in favour. Union leaders have started halving the union's 330,000 members on the issue, and the result, due on July 18, is expected to confirm such reports.

Mr Hammond yesterday accused the TUC of undue haste. He said: "The TUC really doesn't want to take account of our members' views, and is in a great hurry to get the decision made and have us out before our members are heard."

EETPU leaders yesterday undermined the electricians' defiance from other unions by launching for its members a new EETPU Consumer Guide.

The glossy pack, explicitly seeing the union's members as consumers, contains a range of consumer law and other information, from the Office of Fair Trading.

Curbs to accountancy courses planned

BY DAVID THOMAS, EDUCATION CORRESPONDENT

AN END TO growth in the number of accountancy graduates and the closure of up to three university accountancy departments are planned, despite accelerating demand for accountancy skills.

The proposals by the University Grants Committee, responsible for funding Britain's universities, will mean that the accountancy profession, already one of the biggest consumers of graduates, will take an even larger percentage of them from disciplines such as science and technology, thus intensifying skill shortages in these areas.

The root of the problem is that too few accountants are willing to enter academic teaching at university salary levels.

The UGC has given universities until the end of this week to respond to a 47-page review which acknowledges that "demand is continuing to rise without detriment to the quality of the intake."

There are more than three applicants a year for each of the approximately 2,000 places to read accountancy at universities.

However, the review recommends "that there should be no

further major expansion of accounting places in universities at the present time."

Justifying this, it says: "The biggest factor inhibiting the development of accounting is the dearth of appropriately qualified candidates for teaching positions..." The major cause is the huge gap between academic and professional salaries.

Mr Andrew Colquhoun, director of education at the Institute of Chartered Accountants, said there was a strong case for expanding courses but agreed that pay was the main problem.

Labour says it would limit rents

By Andrew Taylor

A LABOUR Government would reintroduce rent controls for private landlords and housing associations, Mr Clive Soley, Labour Party housing spokesman said yesterday.

Mr Soley said this commitment would alarm some private companies and financial institutions considering investment in rented housing under the Government's Housing Bill.

"Some private investors may be frightened of investing in rented housing when they realise Labour Government would reimpose rent controls," Mr Soley told the Financial Times.

The Housing Bill, subject of a marathon debate in the House of Commons last week, proposes to abolish rent controls imposed under the Rent Acts. Rents would be free to rise and, it is expected, would be high enough to give landlords and investors a satisfactory return.

Mr Soley warned that private investors seeking to take advantage of the bill could get their fingers burned under a Labour Government if they tried to make profits from rents which low-paid people would be unable to afford.

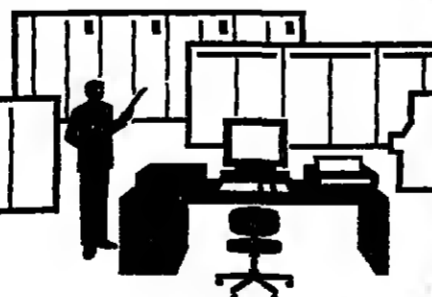
He said Labour would not reintroduce the Rent Acts in their present form but would try to create a new mechanism to satisfy landlords' need for a satisfactory return and ensure affordable rent for tenants.

"The acute shortage of rented housing in Britain means there is likely to be an explosion in rents when controls are lifted. I do not believe any Government could live with that situation for very long without establishing some system for setting rents independently of landlords," he said.

C&C Computers and Communications.

Which One Is NEC?

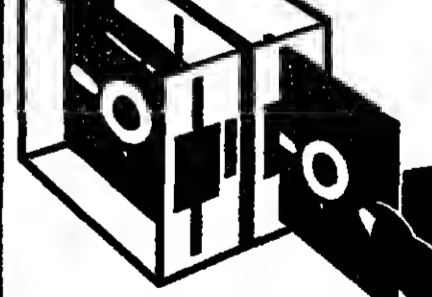
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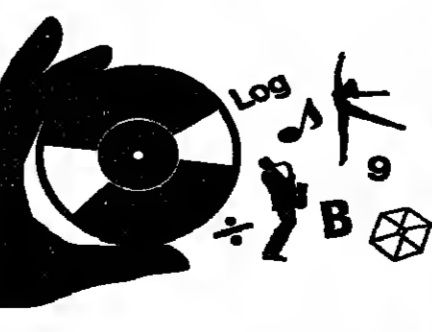
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UK NEWS

Hattersley attacks Benn as campaign intensifies

By Peter Riddell, Political Editor

SUPPORTERS of Mr Roy Hattersley's campaign to retain the deputy leadership of the Labour Party stepped up their propaganda battle at the weekend ahead of a series of crucial meetings in the next few weeks when the trade unions and constituency parties decide their votes.



Roy Hattersley: 'Slogans in place of serious thought'

Mr Hattersley himself delivered a strong personal attack on Mr Tony Benn, the challenger to Mr Neil Kinnock for the party leadership. The deputy leader's campaign claimed the support of the majority of the party's MPs.

The Hattersley camp is seeking to create a momentum of inevitable victory after the arguments of the past month about defence policy and the damage created last week by Mr Dennis Davies's resignation as defence spokesman.

However, supporters of Mr John Prescott, Mr Hattersley's main rival for the deputy leadership, claim growing support among constituency parties.

Meanwhile, the defence arguments will be reopened later today when Mr Benn will deliver a speech at the conference of the train drivers' union, in Blackpool. He is expected to argue that the present leadership is distancing the party from its official non-nuclear defence policy.

Mr Benn is expected to argue that it would be useless as a bargaining counter to retain the nuclear bomb with the addendum that it would never be used.

Mr Hattersley's campaign claims that 130 Labour MPs are already committed to him, compared with 50 to Mr Prescott and 30 to Mr Eric Heffer (almost all of whom will switch to Mr Prescott on a second ballot), with the remaining 19 uncommitted. MPs command 50 per cent of the votes in the electoral college, compared with 40 per cent for the unions and the 30 per cent for the constituency parties, where Mr Hattersley is likely to be doing less well.

The best estimate at present - subject to a large margin of error - is that Mr Hattersley should win, but possibly by a close margin over Mr Prescott, depending on the views of the constituency parties and the unions. Mr Kinnock is certain to win by a large margin.

In a strongly worded speech at Selby, North Yorkshire, Mr Hattersley accused Mr Benn of betraying the party, undermining the prospects of a general election victory and of distorting the party's policy review.

He said: "The policy review is essential to our victory. The time has come to protect it from the distortions by which Tony Benn and the few who follow him seek to damage it. For too long they have attempted to substitute slogans for serious thought, and behaved as if serious policy could be shouted through a megaphone from the back of a lorry."

Mr Hattersley added: "That is not Tony Benn's worst excess. For weeks he has deliberately sought to distort the truth about the policy review. He has suggested that the leadership is betraying socialism, betraying the party and betraying the policy."

Responding to Mr Benn's allegations of betrayal, Mr Hattersley said: "I don't believe that any betrayal can be as great as knowingly to undermine the prospects of a Labour victory at the next election while pretending to defend the Labour Party's rights."

Mr Eric Heffer, who is challenging Mr Hattersley on a joint ticket with Mr Benn, has repeated his accusation that the party is retreating from socialist policies. He said that under the excuse of changing Labour's policy, fundamental retreats were taking place. "Accommodation is being made with the present system. Our task is not to accommodate the system but to change it. That is the real issue in the leadership election."

Government backs study on mobile telephones

By Terry Dodsworth

THE GOVERNMENT has decided to back a telecommunications research project aimed at maintaining Britain's strong position in the fast-developing field of mobile telephony.

The project will bring together several leading electronics companies and academic institutions under the funding scheme provided by the Government's Link initiative.

The total state contribution will be £6.35m, contributed by the Department of Trade and Industry and the Science and Engineering Research Council. Industrial partners are expected to contribute at least an equivalent amount.

Link was designed to bring together industrial and academic research organisations in projects on basic technology.

The first schemes were launched at the beginning of this year. Funding so far earmarked amounts to £103m, of which the Government will provide up to half.

Lord Young, Trade and Industry Secretary, who has strongly supported the reorientation of government support for research to pre-competitive programmes, said that the telecommunications scheme was prompted by the convergence of telecommunications and radio technology.

The project would aim to develop methods of integrating the technologies involved in mobile radio, cellular and satellite mobile systems.

Underlying that strategy is the belief that the coming generation of telephone systems will allow users much more flexibility than at present. Small, portable telephones will be commonplace.

Electricity board appoints advisers

SOUTH WALES Electricity, set to become the largest public company in Wales after privatisation, has appointed two firms as advisers.

N.M. Rothschild & Son, the merchant bank, will assist in drawing up the detailed privatisation timetable and will advise on co-ordinating the flotation. Coopers & Lybrand, the accountancy and consultancy firm, will advise on accounting and financial policy.

Road to awareness starts with motivation

By Christopher Parkes, Consumer Industries Editor

NATIONAL MOTIVATION Week gets up and goes for it at breakfast time today.

For a select few, the occasion will be marked by an "energy breakfast" in a smart London hotel, to the accompaniment of a motivating harangue from charmer-novelist Jeffrey Archer.

The victuals will be paid for by Langford's Exhibitions, sponsor of the five-day "week." Langford's also happens to be the organiser of the concurrent National Incentive and Promotional Exhibition at London's Olympia, where motivation-minded companies can select from a tempting array of business incentives ranging from aspirins and personalised pens to holidays in Hawaii.

According to the sponsor, the idea for National Motivation Week came from the deadening experiences of its management

on arriving back in Britain from visits overseas. They were galvanised by the contrast between the eager-to-please attitudes of foreigners and the averted eyes, deadpan faces and surliness in their own unmotivated Britain.

"It's a matter of raising awareness. We are not born-again motivators," said organiser Ms Jan Martins. "There are lots of people out there who spend half the day in bed, half doing a job they don't like, and half watching television," she added, without a flinch.

Outside the Olympian halls, companies involved in staff and management training (including British Rail), entertainment groups, the British Institute of Management, magazines such as Executive Travel and the Municipal Journal, and projects such as the Bizman of the Year contest, judged compatible with the

week's aims, will offer distraction, exhortation and some curious awards for those who throw themselves into the spirit of the events.

The fun-loving boss award - a day out for the winner and all his staff on the swings and roundabouts at Thorpe Park, Surrey - will go to the person who is judged best at making the working day pass pleasantly.

Among other requirements, contestants are urged to "have regular make-fun-of-the-boss sessions to make everyone feel equal."

A little extra gloss has been added to the campaign by the enlistment of more than 100 MPs "supporting the aims" of National Motivation Week.

Similarly, Lord Young, Sir Ralph Halpern and a dozen or so other sporting and industrial luminaries have lent support,

although, as Ms Martins says: "They have not been asked to do anything other than to give the odd quick quote."

Lord Forte, caterer extraordinary, offers: "Motivation has no set formula. It is excitement, dedication, determination and ambition rolled into one - plus an ample portion of incentive."

From Jimmy Saville, professional teenager, comes: "Motivation is a push word for having a go. Having a go is all right as long as you don't give up when it gets a bit hard."

In a more practical vein, Results Training of Wiltshire has drawn up a kitchen-sink catalogue of free advice for those who need a kick-start down the road to awareness. "If you are feeling fed up, roll up yesterday's newspaper and beat it against the table saying 'today's going to be a good day.'"

London may qualify for EC aid

By Hazel Duffy

DEPRIVED areas of inner London might become eligible for help from the European Regional Development Fund as a result of agreement last week by European Community ministers on a new formula for the fund.

The Government will also be seeking eligibility for other cities with areas of deprivation, such as Nottingham, during negotiations during the next six months with EC officials.

Previously, only parts of the country designated as assisted areas could qualify for aid from the fund, although they have been eligible to submit schemes under the social fund.

The principle to restructure the three Brussels funds - the regional development fund, the

social fund and a fund to help the adjustment of rural areas to the reform of the Common Agricultural Policy - was agreed at the February summit at the same time that leaders of the community agreed that the funds would be doubled by 1993. They will have Ecu 14.4bn (£9.57bn) available at that date.

Negotiations have been continuing since then on the main framework defining the parts of the community to be included. Four-fifths of the regional development fund will go to underdeveloped areas of the community, including Northern Ireland.

For the rest of the UK, an outline list of 21 counties that will be eligible for Brussels aid was

agreed at the meeting of ministers in Luxembourg. They include cities and areas with high levels of deprivation such as Merseyside, the Strathclyde region and other areas in the north of England and Wales.

To those are to be added "a selection of the most seriously affected parts" into which the Government hopes to slot parts of inner London.

The Government has also succeeded in getting mid Wales, parts of Devon and Cornwall and the Highlands and Islands in Scotland, included in the rural fund. The main framework of the fund and the areas to which it will apply have still to be negotiated.

Accountancy firms aim to boost image

By Richard Waters

A GROUP of medium-sized accountancy firms last week launched a campaign to raise their flagging reputation in the City. The move coincides with more accountancy mergers in the face of a competitive squeeze among firms.

The 20-member Association of Practising Accountants, formed almost three years ago but inactive until now, says it will use promotional literature and advertising to wean merchant bankers and others of their preference for Big Eight accountancy firms.

The association's member Mr Chris Benbow, a partner in Finlay's, the largest firm in the association, said: "Our objective is to make sure that medium-sized firms are not ignored. The Big Eight are not necessarily the right choice in all situations."

Firms such as have fee income of less than £10m, putting them just outside the top 20.

At the same time, traditional small firms of accountants have engaged in a growing number of defensive mergers to give them the depth of resources and range of services to compete with larger

audit firms.

Last week Chantrey Wood King and Hill Vellacott announced a merger to create a firm with fee income of £10m and 45 partners. That followed news earlier this month of the merger of Fraser Keen and Russell Limebeer, two firms in the south-east, to form a £7m practice.

Experience of the last five years indicates that medium-sized firms have suffered most as greater competition and commercial awareness have affected the accountancy profession.

MPs to pose Kuwait tax status query

Financial Times Reporter

OPPOSITION MPs plan to question the Government in the Commons tomorrow over the extent to which the Kuwait Investment Office has been able to avoid paying UK tax on its estimated £15bn investments in the country.

Mr Gordon Brown, Labour frontbench spokesman on Treasury matters, said yesterday that he would ask "whether the total loss in Exchequer revenues has been £1bn since 1979, and now is running at £250m a year."

Mr Brown claimed that the KIO, which includes 22 per cent of BP's shares in its portfolio, does not pay tax thanks to a concession granted to foreign governments operating in the UK. The KIO is the investment arm of the Kuwaiti Government.

Mr Brown said: "Now that the Kuwaitis are known to have bought £3bn worth of privatised shares, we want to know why, with tax-free dividends and exemptions from capital gains taxes, the Kuwaitis now enjoy far greater privatisation perks and privileges than ordinary British citizens."

Opposition MPs also plan to introduce amendments to the Finance Bill at committee stage to tighten tax law in this area. The Finance Bill already contains for the first time amendments bringing all UK incorporated companies into the tax net.

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UK NEWS

Executive pay 'doubles' after rises and tax cuts

BY MAGGIE URRY

THE TAKE-HOME pay of senior UK executives has nearly doubled as a result of higher salaries and the cut in top tax rates in the Budget, according to a survey published yesterday.

Mr Stephen Rowlinson, chief executive of the UK subsidiary of Korn/Ferry International, the executive search firm that conducted the research, says: "The 1988 Budget has had a revolutionary impact on take-home pay for senior managers."

The rise in disposable income means that British executives are at last remunerated at the same levels as their counterparts in other advanced industrial companies, says the report.

Korn/Ferry based the conclusions on responses from 202 of the top 500 UK companies. They include Imperial Chemical Indus-

tries, Unilever, Pilkington, Jaguar and Cadbury Schweppes.

The survey, Korn/Ferry's ninth annual study of boards of directors, suggests that the average chief executive or equivalent of a large UK company has seen his after-tax income rise from £65,000 to £115,000, a 77 per cent increase.

This is achieved through a 36 per cent increase in total earnings and a slight fall in the amount of tax paid, after the reduction in the highest tax rates to a 40 per cent ceiling.

The study finds evidence that boards of directors have limited interest in non-executive directors. Their pay has remained almost static and the proportion of non-executives on boards has stayed the same.

It also suggests that British business is booming, with 83 per

cent of respondents reporting higher profits last year and 85 per cent forecasting increased profits this year. As many as 48 per cent are expecting to employ more people in the coming year, the highest proportion in the nine years Korn/Ferry has been conducting the survey.

Whereas two years ago 39 per cent of companies expected to cut employment, this year only 15 per cent are looking for a decrease.

The participating companies seem particularly anxious about their images, with 63 per cent saying corporate image was an issue of increasing importance. Shareholder relations were considered of increasing importance by 46 per cent of companies, but only 26 per cent felt the same way about employee relations.

Drug patent move 'might cost NHS £50m a year'

By David Thomas

A MOVE to extend patent protection on some drugs by up to four years might cost the National Health Service more than £50m a year, according to two leading UK manufacturers of generic drug substitutes.

The two manufacturers, Generics UK and Harris Pharmaceuticals, are backing an amendment preserving the status quo to be moved tomorrow to the Copyright, Designs and Patents Bill, by Mr Tony Blair, a Labour trade and industry spokesman.

The bill seeks to remove a loophole in the 1977 Patents Act. The act extended drug patents from 16 to 20 years but it also allowed generic drug manufacturers to continue to use pre-1978 patents in years 17-20 of their extended patent lives.

Generic drugs contain the same chemicals as equivalent branded products and are usually much cheaper. Sales of generic formulations have grown strongly in recent years to reach about £300m annually or roughly a tenth of the NHS drugs bill.

The bill now before Parliament will remove the loophole on pre-1978 patents. The Government says that will encourage the research activities of the main drug companies and estimates the extra cost to the NHS at no more than £8m spread over the next 10 years.

However, the generic drug companies argue that that is a gross underestimate of the cost to the NHS, which they estimate could be £42m-£52m annually by the mid-1990s.

They justify that by pointing out that generic versions of highly popular drugs such as Glaxo's anti-ulcer Zantac medicine would be available to the NHS from 1993 if the 1977 loophole remained in place.

The clause to be moved by Mr Blair would continue to allow generic versions of a pre-1978 drug 16 years after its patent was filed, provided the drug had been on the market for at least ten years. The generic companies are backing that amendment, which would give additional patent protection only to a drug that had had an exceptionally long pre-market development phase.

James Buxton looks into an academic privatisation plan

Engineering lab goes up for sale



Sir Graham Hills: NEL having "a decreasing impact"

A RESEARCH and consultancy institute that has formally been in existence for only a few weeks is likely to be involved in bidding for a government laboratory that last week celebrated its 40th anniversary.

The institute is the Strathclyde Institute for Computer Integrated Manufacture, a joint venture between private-sector manufacturers, the Scottish Development Agency and Strathclyde University, based in the centre of Glasgow. Last month it embarked on a mission to revolutionise British manufacturing technology.

The laboratory is the National Engineering Laboratory (NEL), an offshoot of the Department of Trade and Industry that occupies a large, wooded site in East Kilbride, outside Glasgow. Nearly two weeks ago Lord Young, Trade and Industry Secretary, unexpectedly announced that he was seeking bids from organisations interested in taking NEL into the private sector.

The man behind both the creation of the Strathclyde Institute and the idea of a bid for NEL is Sir Graham Hills, the recently knighted principal of Strathclyde University. The Strathclyde Institute, as a private company limited by guarantee, is likely to be the vehicle through which the university would participate in the consortium of industrial and academic interests which Sir Graham is trying to assemble to bid for NEL.

If that attempt failed to get off the ground, the Strathclyde Institute would go ahead on its own, its director, Mr David Pearson, said on Friday. It would seek to secure those parts of NEL whose work is closest to its speciality - automated manufacturing.

These developments underline two things: first, the importance with which Scotland regards the impending privatisation of NEL, with the deadline for bids being July 22; and, second, the role Sir

privatised NEL might break up and some of its research work come to an end, or cease to be carried out in Scotland. "We badly need centres of excellence like NEL for their spin-off value for the rest of Scottish industry," says one person following the issue.

One way in which NEL would stay under local control would be through a buy-out of the laboratory by its own management. The director, Dr Donald Bell, has commissioned Arthur Young, the accountancy firm, to make a feasibility study and try to arrange finance.

But Sir Graham, an English-born chemist, believes that the only solution for NEL is for it to be put under the wing of an entrepreneurial university such as Strathclyde. "A university has a large, ready market for packaged intelligence, with people and money constantly flowing in and out," he says. "Only a university has the capability to maintain the overview of what is needed. A private research organisation couldn't support an institution such as NEL." Mr Pearson adds that a university could provide an umbrella for the more esoteric parts of the work.

NEL, says Sir Graham, has been having "a decreasing impact" on industry, because of government restraints on its funding and its inability to restructure itself under the DTL.

Sir Graham and the staff of the Strathclyde Institute are talking to Scottish industrial companies that might be interested in making a joint bid for NEL. Questions of finance are still at an early stage. So far there has been no convergence of views about NEL's future with the management of the laboratory itself. Sir Graham's views may not square with those of Lord Young.

Even though the successful bidder would be expected to develop NEL on its present site, some leading Scots fear that a

entrepreneurial initiative to which the alternative is the "catastrophic decline" that afflicts any university that fails to adapt to new circumstances. He also thinks it has the right blend of public and private-sector involvement to provide the leadership for NEL outside the DTT's grip.

The aim of the institute, one of only three on its scale in Britain, is to induce Scottish and other British companies to avoid their own catastrophic decline by adopting computer-integrated manufacture. That means more than just creating islands of automated design and manufacturing; it entails setting up systems of administration and management that add up to a seamless web of automation.

The Strathclyde Institute has an initial investment of about £5m, part of it funded by its first two private-sector partners, Apollo Computer, the US workstations manufacturer, and Honeywell Bull, the mainframe provider. It will combine three services: providing consultancy services on CIM, supplying training, and offering CIM research facilities. Its first 15 staff have been recruited from outside the university, but the institute will collaborate with the university in fields such as research.

Currently the institute is busy proselytising CIM among Scottish companies. Mr Pearson says: "Not many of them realise the value of companies in the US and the Far East are planning 15 or 20 years ahead, while companies here, though they have made dramatic improvements in the past few years, are looking only three or four years ahead."

Can an institute which he admits is only at an embryonic stage of its own development really aspire to take on an organisation with a staff of over 600? "In this business you have to take your opportunities as they come along," he says.

Slower London wage rises likely

BY PATRICK DANIEL

AVERAGE INCOMES in London are likely to grow more slowly than the national average this year as a result of the stock market crash last October, according to a report released today by the London Chamber of Commerce.

The report, the first of its kind analysing the Greater London economy, says that even an optimistic scenario implies a fall in Londoners' wage increases from 5 per cent last year to 3 per cent this year, against an expected national earnings growth of 8 to 9 per cent.

The main reason is an expected halt to the rapid rise in City salaries which, after adjustments for inflation, increased by 32 per cent between 1983 and 1987.

The report says the October crash is also likely to cause a sharp slowdown in the growth of London's economy, although job losses in the City have not been as dramatic as some expected; official statistics indicate fewer than 2,500 redundancies in City institutions after the crash.

It forecasts that the financial and business services sector - which accounts for a third of London's gross domestic product after its exceptional growth in the 1980s - will decline this year. That will reverse the trend which since 1983 has seen faster London growth than the national rate.

Last year, London's economy is estimated to have grown by 5.5 per cent, one percentage point

higher than the 4.5 per cent expansion in the national economy. But this year's growth is expected to be pulled down to between 2.5 and 3 per cent, against a forecast national growth of 3 per cent.

The report, while forecasting lower pay settlements, says London will continue to see acute shortages of professional and managerial staff, which account for about a quarter of more than 100,000 job vacancies.

Recent surveys undertaken by the London chamber show that two thirds of respondents in manufacturing and more than half in service industries say they have difficulty recruiting staff.

National Savings contribution declines

BY RICHARD WATERS

NATIONAL SAVINGS continued its relative decline in importance to government funding in May with a net contribution of £63.4m, about £100m less than the average for each of the first four months of the year.

The contribution so far this financial year is running at slightly more than half the level of 1987-88, which itself was the lowest for more than a decade,

according to Department of National Savings figures.

In cash terms, leaving aside interest of £153.5m which accrued on savings products during the month, National Savings actually paid out a net £90.1m to investors.

The pattern of savings during May accentuated the trend of recent months: money flowed out of fixed-interest and index-linked

certificates at a faster rate, while cash coming in through income bonds and holdings in investment accounts declined.

Fixed-interest certificates showed withdrawals of £390.1m, partly offset by new investment of £157.9m and accrued interest of £73.6m. The net deficit of £148.6m compared with a deficit of £93m in April.

TV chief expected to head airline booking system

BY RAYMOND SNODDY

MR JUSTIN DUKES, managing director of Channel 4, is expected to be named this week as chief executive of Galileo, the 570m European computerised airline booking system.

Mr Dukes, the founding managing director of Channel 4, has, it is believed, already accepted the top job at Galileo, one of two European booking systems designed to compete against simi-

lar US ventures.

The Galileo project, based in Swindon, links British Airways, Aer Lingus, Alitalia, Austrian Airlines, KLM of The Netherlands, Swissair, TAP of Portugal, Sabena of Belgium and Covia, the computer reservation system of United Airlines of the US.

The aim of systems such as Galileo, which was set up last year, is to increase market share

for its members by making it easier for travel agents to book everything from airline tickets to hotels and car hire.

The career of Mr Dukes, who is 46, has ranged from the design of nuclear submarines to industrial relations in the printing industry. He was a director of the Financial Times from 1975 to 1981.

Last year Mr Dukes was a candidate for the chief executive's

job at Channel 4 in succession to Mr Jeremy Isaacs.

He made clear privately at the time that he would resign if he did not become chief executive. However, when the job went to Mr Michael Grade, director of programmes at BBC Television, he stayed on.

It is believed that Mr Dukes will not be replaced at Channel 4

...where you have initiative, talent and ability, the money follows...

the Rt Hon Margaret Thatcher, Prime Minister, Teesside, 16 September 1987

The army is not up for sale, Ralph Atkins discovers - but a lot of nationalised industries still might be

Line-up for when the pause in privatisation issues ends

MONEY RAISED THROUGH PRIVATISATION 1979-1991

Year	Outturn (£m)
1979-80	377
1980-81	405
1981-82	483
1982-83	488
1983-84	1,142
1984-85	2,132
1985-86	2,702
1986-87	4,403
1987-88	5,018
Plans (£m)	
1988-89	5,000
1989-90	5,000
1990-91	5,000

THE BRITISH Army plc: The most exciting share offer of the century? A current advertisement for Carling Black Label - a beer supposed to inspire great feats of daring.

If not a little mischievous, it highlights a question that must be on the mind of many an investor: whatever happened to government privatisation shares?

Until late last year, share issues appeared in quick succession: Rolls-Royce, British Gas and British Airways all took place within less than a year of each other.

However, since the British Petroleum sale in October there has been no public issue and there is little sign of a share sale for perhaps another year.

A simple explanation is that the October stock market crash made the Government wary of risking large offers in a fragile market. Certainly the BP sell-off, when the Bank of England was forced to provide emergency support for the share price, left the Government with its pride hurt.

However, that is not the complete story. Since the stock market crash, the Government has repeatedly said its commitment to promoting wider share ownership remains intact.

Moreover the Treasury, which co-ordinates the privatisation programme, continues as eagerly as ever to seek out candidates for

targets might seem unadventurous but, compared with early years of the programme, the sums are still large.

Nevertheless, there is no shortage of nationalised industries that could be privatised.

The three main privatisations already lined up are British Steel and the water and electricity industries. Together that trio might raise more than £25m. If privatisation proceeds too fast, the Treasury might find itself with an embarrassment of riches.

British Steel will probably be sold in 1989-90. The structure of the sale has not yet been decided and will probably depend on stock market conditions, but an issue appealing to small shareholders has not been ruled out.

Electricity and water are likely to be sold early in the next decade. With their activities spread across the country, they might again be directed at small as well as large investors.

Before then, however, there will be a series of other smaller-scale privatisations. Mostly they will be sold to the highest bidder or as management buyouts, but will provide a steady stream of income.

The sale by auction of Girobank, the banking subsidiary of the Post Office, was announced earlier this month. It joined, among others, the Crown Suppliers (the Government's central buying agency), British Rail Engineering and the Scottish Bus

Group on the Government's For Sale list.

Looking beyond this parliament - assuming the Conservative Government is re-elected - there are even more candidates for privatisation. Government policy advisers argue that in their continuing review of public-sector activities, they start from the question: why wouldn't this work better in the private sector?

That means neither British Coal nor British Rail have been ruled out, although Government plans for the two industries are currently a little more than ideas.

A track record of profitability would probably be necessary for a successful sale.

The Post Office, perhaps surprisingly, seems likely to remain within the public sector at the behest of Mrs Thatcher. However, it might lose some parcels division.

Other smaller public-sector operations will inevitably be added to the list. Currently favoured candidates include the Property Services Agency and Crown Agents, the procurement and fund management agency for developing countries.

In addition the London bus service might follow bus systems in other parts of the UK with deregulation and sales to private operators.

Further ahead, the boundary between public and private sectors becomes blurred. Given time, the present Government

PRIVATISATION PROGRAMME INTO THE 1990s

Planned sales announced

- British Steel
- Electricity industry
- Water authorities
- Rover Group (sale to BAE)
- Girobank
- Crown Suppliers
- British Rail Engineering
- Professional and Executive Recruitment (Employment Dept)
- National Engineering Laboratory in Scotland
- Scottish Bus Group
- British Technology Group

Possible future candidates

- British Rail
- British Coal
- Crown Agents
- Property Services Agency
- Parcels division of the Post Office
- Forestry Commission

would seek to extend private involvement into the heart of its operations.

This could include growing private-sector involvement in the National Health Service and the activities of local government. Private prisons and private roads are also possibilities.

The ambitious programme of sales could provide a stream of receipts into the next century. However, ministers, frequently

Senior City banking post

The ROYAL BANK OF SCOTLAND has appointed Mr Ron Stewart deputy chief manager of its London, City office, in succession to Mr George Speller who has been appointed senior manager, London, St Mary Axa branch. Mr Stewart was appointed manager of the bank's Leeds branch in May 1981 and on September 1 1985 he became manager of the Stockport group of branches.

Ms Judy Jones has been appointed marketing director of BARCLAYSHARE, the retail stockbroking arm of Barclays Bank. Mr Jeremy Helliwell has become developments director.

Mr Peter Jones has been appointed director of finance and administration. Other new members of the partnership are: Mr Alan Jarvis, Mr Stuart McLish, Mr Justin Spedlow, Mr Mark Mendenhall and Mr Jeremy Ogden.

Mr Richard Harpum has joined FKI BABCOCK's electrical products group as managing director of its rail equipment division, the main business of which is Stone International. He joins from GEC, where he held a number of senior marketing and general management positions over a seven year period.

SCHLUMBERGER has formed Schlumberger Industries to bring together its utility metering and transducer activities in the UK. Companies that traded as Sangamo, Solartron, Weston, PCC and Neptune will now be known as Schlumberger Industries. Mr Alan Plimpton, chairman of the Swbank Press Group, has been appointed its non-executive chairman from July 1. He was previously deputy chairman of the Electricity Council and a former chairman of the London Electricity Board.

Mr M.T.V. Edisson has been appointed a director of PRICE FORBES.

Mr Tony Withey has been made chief executive of EMPLOY. He replaces Mr Trevor Owen who has retired. Mr Withey has been chief executive of the polymers division of Evered Holdings since 1985.

Mr Alexander P. Semikoz has been appointed general manager

of the Singapore branch of MOSCOW NARODNY BANK. He remains a deputy chairman of the bank. Mr Sergey D. Kouychev has been appointed a deputy chairman and Mr Alexander V. Oshpnev has been made a director of the bank.

IVORY & SIME has appointed Mr James R. Holbrook as European director of Ivory & Sime Financial Services, the sales and marketing division of the group. He joins from County Natwest Investment Management where he was marketing director (Europe). He will be responsible for the development of Ivory & Sime's European strategy to expand its business base within the European Community.

Mr Steven Bobasch has been appointed a director of KLEINWORT BENSON and deputy head of the domestic banking department. He was an assistant director in the North American banking department.

At WEBBS COUNTRY FOODS Mr David Price has become director, marketing and sales.

DAIHATSU has appointed Mr Richard G. Murray as managing director. He joins from Land Rover where he was responsible for the company's business in North America and Australasia.

THE KEEP TRUST has made Mr Bryan Norman an executive director. He was formerly a director of Lazard Bros and until 1986 of N.M. Rothschild.

Mr Barry Martell has been appointed production director for MAXWELL PERGAMON PUBLISHING and deputy managing director of PERGAMON PRESS. He was production director (books) with Pergamon Press.

At SHERWOOD COMPUTER SERVICES Mr Trevor Entwistle, a non-executive director, has become deputy chairman of the group. Mr Richard Guy has been made chief executive of LG Software and Mitronix Computing. Mr Guy will continue as managing director of Sherwood Capital. Mr David Kaeche has stepped down as managing director of LG Software and from the main board. He will continue to assist Mr Guy in the local government area.

Labour councils 'seek tenders'

BY RICHARD EVANS

SOME LABOUR local authorities have recently joined the growing number of councils that have begun to privatise services in advance of compulsory competitive tendering.

A survey published today in Public Sector Review, the magazine of the Public and Local Service Efficiency Campaign (Pulse), finds that there has been a "significant upturn" in the level of savings councils have made by going out to tender.

More than £22.5m is now being saved by local authorities in England and Wales by contracting out services to the private sector, an increase of nearly £1m on the figure recorded a year ago.

There has also been an increase in the number of councils privatising services, with a record 190 contracting out.

Labour authorities, covered in

the survey for the first time, include the London boroughs of Barking and Dagenham, Newham and Islington, and Thurrock and Ipswich councils. Tower Hamlets, controlled by the Social and Liberal Democrats, is also included for the first time.

The survey a year ago found less privatisation, with some authorities returning to direct labour for political reasons, but, according to Pulse, there is now "an increasing recognition by councils of all political persuasions that competitive tendering is a powerful management tool for improving services and reducing costs."

The research also shows, however, that 350 councils, including many Conservative ones, have not privatised a single service, so a substantial increase can be expected once tendering becomes

compulsory under the Local Government Act.

The legislation, to be implemented in stages, covers six services - refuse collection, street cleaning, huddling cleaning, vehicle maintenance, grounds maintenance and catering - and the Environment Department estimates that more than £3m of council work will be opened up to the market.

The survey found that many councils were inviting tenders early in order to get the best competition. The largest new saving - £170,000 a year by privatising refuse collection - was made by Tunbridge Wells.

In London, council privatisation is saving £8.3m a year. Most of the savings have come from Wandsworth and Merton but a record 18 of the 32 London boroughs are now contracting out.

No-show diners find tables turn

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

BRITAIN'S restaurateurs are planning to take a tough line with customers who fail to turn up for a table reservation and cost restaurants many thousands of pounds a year in lost profits.

The Restaurateurs Association of Great Britain has written to its 500 UK members asking them to send details of customers who persistently fail to show up when they have booked a table.

The survey found that many customers were inviting tenders early in order to get the best competition. The largest new saving - £170,000 a year by privatising refuse collection - was made by Tunbridge Wells.

In London, council privatisation is saving £8.3m a year. Most of the savings have come from Wandsworth and Merton but a record 18 of the 32 London boroughs are now contracting out.

consider the restaurateur if they cannot turn up for a booking."

Restaurateurs are becoming worried at the growing practice of customers booking several restaurants and then choosing at the last moment which one to go to.

Overseas tourists - especially Americans - are particularly blamed by restaurateurs for booking several restaurants through hotel porters.

Mr Ackerman said: "For many restaurants - especially those in country areas - an unfulfilled table caused by a 'no-show' can mean the loss of the restaurateur's profit for the evening."

The extent of the problem of "no-shows" is difficult to gauge because some restaurateurs believe it reflects badly on their restaurant.

However, Mr Neville Blech,

owner of the Mijanou restaurant in the fashionable SW1 area of London, has taken a strong line against people not turning up. About five or six parties with reservations fail to appear each week on average, he estimates.

Recently he won a 10-month court battle for compensation for loss of earnings against an advertising agency that had booked a table for five and cancelled half an hour after they were due to arrive.

The restaurant was awarded £30 compensation. "The law is quite clear that a contract is made when a table is reserved. The only problem is in the cost and time taken to go to the courts," he said.

One system being considered by many restaurants is taking a credit card deposit when taking a booking.

e Initiative Talent Ability

Within weeks of becoming operational Teesside Development Corporation acted as the catalyst to speed the progress of a host of established and new initiatives, all of which offers outstanding development and investment opportunities. Among them -

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- Teesside Offshore Base for ocean bed technology
- Hartlepool Marina and maritime heritage complex
- Teesside international nature reserve
- Teesside regional leisure centre
- Belasis Hall Technology Park
- Bowesfield Park prestige industrial development
- Tees walkway and weir to enhance waterside environment
- Research and Development opportunities with ICI and the chemical industry
- Middlesbrough commercial/residential development
- Improvements to communications and other facilities

Major foreign investment testifies to confidence in Teesside. Already established there - companies from Japan, Hong Kong, Singapore, Germany, Scandinavia, the Netherlands and the USA.

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- Denys Henderson, Chairman, ICI

Talent abounds on Teesside. The talent of an industrial and commercial base that has been established for over a century. The talent of giant corporations and smaller specialist enterprises. The talent and skills of Teessiders - which reach across heavy and light engineering, chemical and petrochemicals engineering, major port and oil terminal operation, computer exploitation, food technology and design, professional and advisory services. Talent that is expressing itself in a number of advanced areas. Among them -

- ICI chemicals expertise and advanced R & D centre
- British Steel's worldwide expertise
- Davy McKee's worldwide advanced engineering
- ICI, BASF and Phillips Petroleum petrochemicals capability
- Europe's biggest CAD/CAM centre - on Middlesbrough Enterprise Zone
- RHM Foods and other specialist firms' foods and soft drinks development
- Whessoe, Trafalgar House and British Telecom International Marine Services offshore technologies and services
- Davy Forge and Expanded Metals metal manufacture and conversion technologies
- Nissan Teesside Terminal

"Two years ago the Davy Group marked 100 years of continuous operation on Teesside, with the centenary of Ashmore Benson Pease. Today, our worldwide operations in the minerals, metals and nuclear industries; our R&D Centre, which has a leading edge on world technology; and the HQ of our offshore module building and marine services - are all on Teesside. Their success is based on the enterprise and technical capability of the people who work on Teesside. We look forward to another century of successful service to our customers worldwide from our strong base on Teesside."

- Lord Jellicoe, Chairman, Davy Corporation

The biggest of them all, Teesside Development Corporation, has the ability to harness Teesside's many strengths. With great powers of control over 19 square miles of land, the Development Corporation has an enthusiastic Board determined to succeed in the regeneration of the area. A Board on which Local Authorities are represented who have already laid much of the foundation of new industry and new facilities on which the TDC is building. Among Teesside's multiple strengths -

Teesside is a Development Area that also boasts two Enterprise Zones - with all the financial incentives that this implies for new and expanding enterprise. Teesside enjoys European Community grant and loan opportunities.

An established gateway to Europe, Teesside operates the third largest port in the UK.

Through its port and excellent motorway and rail links, Teesside commands a massive population market in the UK and on the European mainland.

To find out more about Teesside's Initiative, Talent and Ability: Contact Duncan Hall, Chief Executive, Teesside Development Corporation, Tees House, Riverside Park, Middlesbrough, Cleveland TS2 1RE. Tel: (0642) 230636.

TEESSIDE DEVELOPMENT CORPORATION

THE MONDAY PAGE

Some dry facts about drought

ANTHONY HARRIS
in Washington

IT IS NOT, after all, going to be quite such a dull political season as the contest between two drily moderate Presidential candidates had threatened. The lack of big policy issues is becoming more obvious by the day. On economic matters, especially, we are faced with two competent men who realise that the next President

will have little room for manoeuvre. But their political instincts will be tested by two issues which will certainly dominate much news space between now and the November election: the defence procurement scandal, and the possibility of a disastrous drought.

First, though, the supposedly central issues. Mr Bush talks old-fashioned conservatism, as he did in 1980; he believes in balancing budgets. Mr Dukakis actually does it in Massachusetts (though he faces embarrassing problems this year). Mr Dukakis talks intervention, and is especially keen on training for more productive job opportunities. Mr Bush wants to be known as the education President. The advisory teams for the two candidates could probably be interchanged without anyone noticing: a Washington policy consultant who knows both sides estimates that they are in full agreement on at least 70 per cent of the agenda.

Financially, the election could make a difference. Though both candidates lean on prominent Wall Street investment bankers, Mr Nicholas Brady and Mr Felix Rohatyn might well disagree on the 70 per cent of the market issues. Mr Brady, who produced the first of the many reports on the October crash, is basically a believer in the Wall Street gospel: for him, the market is the best way we know to allocate capital, though the crash shows that it is not in the best of working order. Indeed, Mr Brady is thoroughly alarmed about the possibility of another crash unless the rules are modernised to cope with computers and futures trading.

Mr Rohatyn is an alarmist of another kind. He has been warning of the dangers of excessive debt for nearly as long as that well-known pessimist Dr Henry Kaufman. As a result, he seems much less alarmed by the crash, which he sees as a realistic adjustment. He is, on the other

hand, an enthusiastic supporter of debt relief for the poorer borrowing countries, which Mr Bush would not doubt oppose as resolutely as his great friend the Treasury secretary (until the middle of next week, at any rate), Mr James Baker.

Such questions are of great interest to investors, but they swing no significant block of votes. Voters will, however, be interested in how the two sides react to the big new stories. The defence scandal, which will certainly occupy acres of newsprint in the coming months, looks like a grave setback for Mr Bush. President Reagan can already appear on television pointing out, very fairly, that it was his Administration which uncovered the scandal, and Mr Bush has threatened any wrongdoer with the full weight of the law. (This is what wrongdoers can already expect if they are caught in the past, to be the single party.)

Mr Salinas's confidence has foundation: the resources the PRI has mobilised are staggering. It has clear dominance over the media - including, most importantly, television. The party's machine, made up from its "three sectors" of trade unions, the peasants, and the so-called "popular sector" based on 4m bureaucrats, disposes of formidable patronage through jobs, political preferment, land deeds, credit, state food vouchers and the ability that a party in power has to provide a troublesome area with anything from a dam to a drain.

But, reborn Mr Salinas, "don't forget that the vote is secret. You can mobilise thousands of people but in the end it's the will of each individual which will decide."

The corporatist era is over, he argues, and is giving way to participation, something he has begun to do in an unprecedented way in a nationwide sequence of set-piece "dialogues". These have been rather stilted affairs, with invited audiences, but they have made his nine-month long campaign something like a giant constituency surgery.

What there has not been is any face-to-face debate. Mr Salinas never mentions his opponents by name in public or when talking on the record, referring obliquely to the PAN as "reaction" and Mr Cardenas as "neo-populism" (his own option he describes as "the progressive centre", resisting foreign labels like social democracy).

The absence of debates is a pity since Mr Salinas's most universally recognised quality is his first-class mind, honed through two masters' degrees and a doctorate at Harvard. He can think on his feet, unlike most of his predecessors, who were used to imparting declaratory nostrums to captive audiences. Salinas maintains there is "no national demand" for a debate. But confrontation with the quietly emotive Cardenas or the visceral Clouthier would be fascinating - and he would almost certainly get (and be seen to get) the better of it.

For even allowing for the advantages of office, Mr Salinas has what looks in outline like the most effective programme. He has also stolen opposition thunder by hardening his position on the \$103bn foreign debt and by wooing the private sector, significant representatives of which had begun drifting towards the PAN. He talks of a "deliberate intent to redistribute wealth... not one-shot but structural, through a more equitable tax system, better quality

of, and access to, education and jobs."

Under the de la Madrid Government, for the first time, there has been no growth, and the foreign debt has been fully serviced. Under Salinas, the formula will

underground aquifers will be so depleted that full recovery could take several years, and we are faced with the worst disaster for half a century. There is no way known to science to say at this point which is the likeliest outcome. Congress is sending out search parties for facts.

However, the Chicago commodity markets are already discounting a one-year disaster, and have marked up bulk crop prices by 35 per cent. Americans are being advised to enjoy some barbecued steak this summer; beef is cheap at the moment as stock is being slaughtered for lack of feed, but will certainly be scarce next year. Prices of chicken, eggs, and - a little later - grain products will also quite certainly rise.

This apparent inflationary threat is one of the worries which have sent bond prices into reverse, so it is worth trying to put a scale to it. In the US, where the bulk of demand is for pro-

cessed foods, the experts estimate that the consumer price index will rise by one point for every 18 per cent rise in the price of bulk crops. (The fruit and vegetable crops, which are sold relatively unprocessed, are not grown in the real disaster areas, and are still getting their irrigation.) The impact in other dollar-based countries, where consumers do more of their own cooking, will be greater.

The real question is how far a rise in food prices can be treated as an isolated event. Secretary Baker is already on record as saying that this is not to be regarded as a rise in core inflation, and need not therefore lead to tighter policies, which is analytically correct.

Indeed, although the annualised rate of inflation will start to rise quite sharply towards the end of the year (and the timing could be politically important), it will tend to fall again late in 1989 if crops return to normal. However, this hands-off attitude may be difficult to defend politically, and would be economically wrong if higher food prices lead to wage acceleration in this

rather tight economy. The inflationary picture is as uncertain as the long-range weather forecast.

The budgetary picture is a good deal clearer, and is actually rather favourable. This seems unexpected, but it ought not to be: if you run a policy where the big problem is the cost of supporting prices and financing surplus production, the cost can fall dramatically if prices rise, and there is a deficit rather than a surplus. Farm price supports and land-layaside programmes were budgeted to cost more than \$22bn this year.

These costs should fall sharply as prices are now above official support levels, and the lay-aside for next year has been abandoned to rebuild stocks. Meanwhile the Government should be able to sell some of its vast food commodity stocks (equivalent to eight months' national consumption), and at a profit, reducing the national debt. But the political auction will probably start a political auction to see who will offer the most help to the distressed farmers (Jesse Jackson has characteristically put in the first bid), and who will accuse whom of irresponsible spending.

INTERVIEW

The heir appointed

David Gardner talks to Carlos Salinas, Mexico's President-in-waiting

ON JULY 6, Mexico may cease to be the *de facto* one-party state it has been since the 1910-17 Revolution from which the ruling Institutional Revolutionary Party (PRI) emerged. It will if Carlos Salinas de Gortari gets what he says he wants - a clean presidential election with a credible outcome.

Mr Salinas, the former Planning Minister, was hand-picked by President Miguel de la Madrid as his successor in accordance with PRI custom. Chosen as guarantor of structural reforms to bring Mexico out of six years of financial and economic turmoil, it is the young technocrat's job to achieve enough by reform to prevent the country sinking into six years of political turmoil.

In the election, he faces a degree of competition from the opposition that the regime has never before experienced. He has tried to make the central theme of the campaign Mexico's ambition to become a prosperous, fair, more independent and democratic nation. Instead, the contest is really about the election itself, or more exactly, whether the ballot-box - rather than the PRI - is finally to become the vehicle through which power is obtained.

The Mexican regime has never lost a significant election in 71 years. Yet it has become conventional wisdom that unless the PRI opens up to a society which has long since outgrown its corporatist straitjacket, then the future of the regime and Mexico's unique record of stability in Latin America will be in doubt.

Mr Salinas shares this belief, but expressing himself cautiously for the record, he says: "We must understand that Mexico has been changing. It's more plural, more critical, there are wider options, and therefore I'm not looking to break records in voting but in credibility."

He leads the regime's third post-revolutionary generation at the age of 40, appropriately for a country in which, as he points out, eight out of ten people are younger than him. The son of a former cabinet minister, he has made his career entirely in the economic bureaucracy and, like Mr de la Madrid and his two predecessors, he had never fought an election before being anointed for the presidency.

He will be the first economist to govern Mexico "if", as he punningly says, "the popular vote favours me", and the youngest president since 1934 when General Lazaro Cardenas - Mexico's most revered president

of the oil industry and distribution of land to the peasants.

The neo-Cardenista National Democratic Front has said menacingly that it will fight fire with fire if any attempt is made to steal its votes.

Mr Salinas's right flank is also under attack from the National Action Party (PAN), where the traditional Christian Democrat leadership which saw itself as more a counterweight than an alternative to the regime has been pushed aside by northern businessmen intent on a real bid for power. Led by Manuel Clouthier, a pugnacious former leader of the employers' federation, the PAN has already started a "civil

emerges," he states with unshakable confidence. "But what I anticipate is a win which maintains the PRI as the majority in this country, but not the only pretension as in the past, to be the single party."

Mr Salinas's confidence has foundation: the resources the PRI has mobilised are staggering. It has clear dominance over the media - including, most importantly, television. The party's machine, made up from its "three sectors" of trade unions, the peasants, and the so-called "popular sector" based on 4m bureaucrats, disposes of formidable patronage through jobs, political preferment, land deeds, credit, state food vouchers and the ability that a party in power has to provide a troublesome area with anything from a dam to a drain.

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For even allowing for the advantages of office, Mr Salinas has what looks in outline like the most effective programme. He has also stolen opposition thunder by hardening his position on the \$103bn foreign debt and by wooing the private sector, significant



negotiate a reduction in debt service of 35-45 per cent, but will make it cost unilaterally if rebuffed. Cardenas aides fear the Government will make its move before the election. The timing would be opportunist, but undoubtedly effective.

Debt has become a motherhood issue in Mexico. As Mr Salinas remarks: "We have a million youngsters entering the workforce every year, many of them emigrating to the US. I prefer them working here."

He says minimum acceptable growth in future should be double the rate of population growth, currently 1.9 per cent, although he adds it won't be possible next year because of bottlenecks caused by the lack of investment since the 1982 debt crisis.

The state's share of investment - 43 per cent of non-oil industrial capital formation throughout the 1970s - is to be radically reduced towards health, education and infrastructure. "I prefer to concentrate on the essential and get rid of what isn't," Mr Salinas says. Privatisation and closures of state companies will continue, with the Government retaining constitutionally defined strategic industries such as oil, power, the bank and the railroads. But Mr Salinas's pledge to open up companies like Telcel, the telecommunications monopoly, to private, and possibly foreign, investors has not stirred up as much nationalist anger as it might because he has kept the prospect of the state spending more on clinics and schools firmly in view.

Foreign investment, a touchy subject which smacks of dependence to many Mexicans, should play "a greater role than it has up to now", Mr Salinas believes. In an economic strategy speech well received by business last month he bluntly pointed out that Mexico had long since come of age and should welcome the new technology and markets that foreign investors could provide.

He also called for a "strategic alliance" with the private sector to set up international trading companies. "Companies in other countries are promoted by their Governments. It seems to me we shouldn't deny ourselves energetic promotion by the state of Mexican exporters."

Japan, he agrees, is a good example, and Japan and the Pacific Basin is an area in which he has a special interest both intrinsically and to lessen Mexico's dependence on the US, with which it does two thirds of its trade. Mr Salinas's three children attend Mexico City's Japanese school and speak Japanese, and his two key visits abroad in the past two years were to Japan and China.

His vision of Mexico's future relations with the US - an always complex and frequently vexed subject - is short and to the point: "My interest is that they be good, emphasising our similarities and respecting our differences."

PERSONAL FILE:

1948: born Mexico City
1966: joined PRI
1968: Economics degree, National University (UNAM)
1970: Finance ministry analyst

1978: Doctorate in Political Economy, Harvard
1978-81: Planning chief at Treasury, then Planning Ministry
1982-87: Planning Minister
1987: PRI Presidential candidate.

this century - fashioned the country into its present shape.

But the Cardenas mantle, woven from left-wing nationalist traditions since abandoned by the PRI and 1930s-style popular frontism, has fallen to his son Guatemoc. Mr Salinas's most threatening challenger.

Guatemoc Cardenas, a former PRI state governor, broke with the regime last year, creating the biggest schism since 1940, when President Cardenas stepped down and the party rigged the election to shut out a dissenting challenge to his successor.

Choosing democracy and a nationalist economic model as his banners, Mr Cardenas has rallied the fractured Mexican Left behind him, creating the biggest mass movement since the 1938-40 mobilisations orchestrated by his father around the nationalisation

resistance" campaign of sit-down protests, pickets and road-blocks to denounce what it already foresees as a fraudulent election.

Mr Salinas, speaking aboard a plane taking him to a southern border outpost to open the last "vote promotion" phase of his campaign, dismisses these antics as "the subculture of fraud" by parties trying to justify their defeat in advance. He has publicly, if implicitly, admitted that the PRI used what he calls "electoral vices" - more popularly known as "alchemy" - to win a string of local and state elections, largely in the more prosperous and regionalist North.

But, he insists: "You have to understand that this is an election in which millions of people are going to vote. There is no real, material possibility of changing the outcome. I have pledged my party, not only the national but the state and local leaderships, to winning through our work, through our programme, and through voters' support. The PRI would be the most damaged by a dirty election, and in any case it would be unnecessary."

The Salinas camp is anticipating a majority of around 60 per cent, ten points down on the party's lowest historic score, President de la Madrid in 1982. But would he accept a victory which revealed the PRI as what many independent analysts already believe it to be, the largest minority party?

"I will accept whatever victory

cant representatives of which had begun drifting towards the PAN. He talks of a "deliberate intent to redistribute wealth... not one-shot but structural, through a more equitable tax system, better quality

of, and access to, education and jobs."

Under the de la Madrid Govern-

ment, for the first time, there has been no growth, and the foreign debt has been fully serviced. Under Salinas, the formula will

be inverted: "If debt service does not permit growth, there will be no debt service," he says with earnestness Mexico's creditors might do well to believe.

His aides and government ministers say Mexico is now trying to

The Institute of Marketing



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FT-3

When looking for business is a virtue

THE COMMERCIAL Court has, since 1894, been a major specialist court of High Court judges who handle commercial disputes. Identifying the issues early and stripped of the complexities of pleadings and multiple pre-trial applications, it is accorded special recognition in the Report of the Review Body on civil justice.

Recommendations in the Report's final chapter build on the widespread acknowledgment that, unlike the somewhat aloof dignity adopted hitherto by the ordinary courts of justice, with the feeling that the litigant ought to be grateful for whatever justice is being dispensed, the commercial court has taken pride in attracting business and in dealing with it in a manner that evokes satisfaction from the consumers of commercial litigation. The maxim that it is good for justice for the courts to extend their jurisdiction is an advertising slogan perhaps lacking in mass appeal, but it reflects the general idea that courts should sometimes go out and get business. The Com-

mercial Court has in recent years become the victim of its own success.

Speed and swiftness in justice for commercial disputants have been the twin pillars of the practice and procedure of the Commercial Court. To achieve these objectives the managers of the court have sought to provide special legal skills in the handling of commercial actions, coupled with an expeditious and efficient procedure. The former objective has been consistently met while the latter has not. The Report records that the Commercial Court has "higher standing than any other first-instance court in the civil justice system."

"It draws to itself more and more work from at home and overseas. The quality of justice offered is unsurpassably high but thanks (sic) to increasing delays the speed of the services afforded is declining." The future envisages further increases in the court's work and aver-lengthening queues of cases waiting for bearing dates and trials. The Report

laconically concludes: "The problem of delay is acute."

The main strategic objective is to reduce waiting times for trial to a maximum of 12 months from the time when a fixed date is given. The target should be achieved within the next three years. Two methods are proposed for meeting that timetable. The first is a reduction in the number of cases by 25 per cent; the second is to inject additional judicial power, at least temporarily.

Control of the volume and flow of new and existing work coming to the court has been accepted in principle, the mechanism being to redefine what is a commercial action. The redefinition is in financial terms. Commercial actions involving claims of £50,000 or less should be defined out of the court's jurisdiction, subject to special conditions for complex or difficult cases below that amount which should be retained in the Commercial Court. The lower limit would be increased as and when necessary in order to achieve the general reduction in waiting

times. The Report further recommends that one extra judge should be made available half-time in the first year and a second judge in the second year. Judge power would be kept under constant review.

A suggestion was put to the Review Body that the appointment of additional judges could be financed out of a substantial increase in court fees, on the footing that the nature of the users of the court made it unlikely that they would be deterred from proceeding, even by substantially increased costs. That option is, however, not available, since judges' salaries are charged on the Consolidated Fund as a safeguard of judicial independence, while court fees constitute departmental revenue devoted to administrative expense. Despite the appropriateness of an increase in fees to finance the judiciary, the Report recommends raising the level of court fees to reflect the cost of handling the court's business.

The Commercial Court's essential task is to reconcile the businessman's approach to

commercial bargains and the lawyer's approach to what the contract actually says.

Lord Devlin wrote 35 years ago that businessmen like the idea of a written contract; it gives them the feeling that they have neatly tied up the deal. But they do not always give the time and thought necessary for the drafting of precise and comprehensive terms and they display little inclination for the task. Commercial men like the solemnity of the contract, but do not care for its details. To the lawyer, the language of the contract is everything because it has the supreme merit of certainty and permanence; he presumes it embodies the exact wishes of the contracting parties. The task for the Commercial Court judge is to reconcile these opposing attitudes.

Traditionally the Commercial Court has been settling commercial disputes in accordance with the ideas of commercial men. The machinery of the court is one of the features that mark out a trading nation, and is open to all com-



JUSTINIAN

ers. It is as true today as it ever was. Over half of the claimants before the court are non-UK residents. In nearly a third of all cases all the parties to the litigation came from abroad.

The Commercial Court prides itself on being as much a part of the City of London as it is of the Royal Courts of Justice. The part that London has played, in international shipping and insurance particularly, has benefited from the willingness of foreigners to litigate in the Commercial Court. These factors point up the will- ingness of English commercial lawyers to be unusually responsive to the needs of their public. Which is what the review is hoping to emulate in the rest of the civil justice system.

GREAT NEWS IF YOU'RE IN THE MARKET FOR A 286 P.C.

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(Incorporated in England under the Companies Act 1985-1986 Number 1194404)

Authorised **£850,000** Issued and fully paid **£570,362**
SHARE CAPITAL
in ordinary shares of 5p each

The principal business of the Group is the provision of computer systems and related services including turnkey computer systems, design and programming, software packages and time-sharing bureau facilities and securities settlement services to the international financial services sector.

Application has been made to the Council of The Stock Exchange for the whole of the issued ordinary share capital of the Company to be admitted to the Official List. The ordinary shares have formerly been dealt in on the Unlisted Securities Market. It is expected that dealings in the ordinary shares will commence on 20 June, 1988.

Listing Particulars relating to the Company are available in the Extel Statistical Services, copies of which may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 4 July, 1988 from:

Samuel Montagu & Co Limited,
10, Lower Thames Street
London EC3R 6AE.

Copies of the Listing Particulars are also available from the Companies Announcements Office up to and including 22 June, 1988.

20 June, 1988

Care of The Environment

The Financial Times proposes to publish this survey on: **22 July 1988**

For a full editorial synopsis and advertisement details, please contact: S.P. Dumber-Johnson on 01-249 8000 ext 4148

or write to him at:
Bracken House, 10 Cannon Street,
London EC4A 3DF

FINANCIAL TIMES
MARKETING SERVICES

THE REPUBLIC OF TRINIDAD AND TOBAGO

U.S. \$50,000,000 Floating Rate Notes due 1992

Notice is hereby given that the Rate of Interest has been fixed at 9-1875% p.a. and that the interest payable on the relevant Interest Payment Date, December 20, 1988, against Coupon No. 6 will be U.S. \$467,033.

June 20, 1988, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

COMALCO FINANCE LIMITED

US\$180,000,000

Guaranteed Floating Rate Notes due 1993

Notice is hereby given that for the interest period 20th June 1988 to 20th September 1988 the interest rate has been fixed at 7 1/2%. Interest payable on 20th September 1988 will amount to US\$194.86 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust
Company of New York
London

THE MINISTRY OF FINANCE OF THE KINGDOM OF THAILAND

US\$300,000,000 Floating Rate Notes due 2005

Notice is hereby given that for the interest period 20th June 1988 to 20th September 1988 the interest rate has been fixed at 7 1/2%. Interest payable on 20th December 1988 will amount to US\$403.69 per US\$10,000 Note and US\$10,087.24 per US\$250,000 Note.

Agent Bank:
Morgan Guaranty Trust
Company of New York
London

NOTICE TO HOLDERS OF

TAIYO YUDEN CO., LTD.

U.S. \$50,000,000

3 1/2 per cent. Convertible Bonds Due 2000

TAIYO YUDEN CO., LTD. (the "Company") has, at its general meeting of shareholders, resolved to change its financial year-end from the last day of February to 31st March. As a transitional measure, the Company will have a seven-month financial period from 1st March, 1988 to 30th September, 1988 (inclusive) and a six-month financial period from 1st October, 1988 to 31st March, 1989 (inclusive). Thereafter its financial year will run from 1st April in each year to 31st March in the next year.

Accordingly, the record dates for the payment by the Company of annual dividends and interim dividends will become 31st March and 30th September, respectively, in each year except for the financial periods from 1st March, 1988 to 30th September, 1988 and from 1st October, 1988 to 31st March, 1989, when there will be no interim dividend or record date therefor.

Any shares of common stock of the Company ("Shares") issued upon conversion of any of the U.S. \$50,000,000 3 1/2 per cent. Convertible Bonds Due 2000 (the "Bonds") of the Company during the seven-month financial period from 1st March 1988 to 30th September 1988 (inclusive) will be paid full dividends declared in respect of that period; and any Shares issued during that six-month period from 1st October, 1988 to 31st March, 1989 (inclusive) will be paid full dividends declared in respect of that period; and any Shares issued on conversion of Bonds on or after 1st April, 1989 will be paid full dividends declared in respect of the relevant six-month period ending on 31st March or, as the case may be, 30th September during which the conversion occurs.

The interest payment dates in respect of the Bonds remain unchanged as the last day in February and 1st August in each year. With effect from 1st October, 1988, if any Bond is converted during the period from 1st April to 31st August (inclusive) or from 1st October to the last day in February (inclusive), in any year, a cash adjustment equivalent to one month's interest accrued to the immediately preceding 31st March or, as the case may be, 30th September, will be paid to the converting Bondholder. Such payment will be made on the interest payment date falling on or next succeeding such date of conversion in the manner specified in the relevant Conversion Notice.

The Company and The Bank of Tokyo Trust Company, as trustee in respect of the Bonds (the "Trustee"), have entered into a Supplemental Trust Deed dated 29th May, 1988, amending the Trust Deed dated 6th March, 1985 which constituted the Bonds, so as to give effect to the changes referred to above, and such Supplemental Trust Deed took effect on 29th May, 1988. Copies of such Supplemental Trust Deed are available for inspection at the principal offices of the Trustee, presently at 110 Broadway, New York, N.Y. 10036, and at the specified offices of each of the Paying Agents and Conversion Agents in respect of the Bonds. No physical amendment will be made to definitive Bonds in issue.

TAIYO YUDEN CO., LTD.

By: **Mitsugu Kawada**
President and Representative Director

Dated: June 20, 1988

NOTICE TO SHAREHOLDERS OF MLH REALTY INVESTMENTS VI N.V.

Notice of the Annual General Meeting of Shareholders of MLH REALTY INVESTMENTS VI N.V. (the "Company") is hereby given. The meeting is to take place at 10:00 a.m. on Thursday, June 30, 1988, at the registered office of the Company, 6 John B. Goetsweg, Curaçao, The Netherlands Antilles. The agenda of the meeting is set forth below.

AGENDA

- Annual Meeting of Shareholders of MLH REALTY INVESTMENTS VI N.V.
1. Report by the Board of Supervisory Directors on the course of business of the corporation and on the administration conducted during the fiscal year ended November 30, 1987.
 2. Discharge and subsequent re-election of the Board of Supervisory Directors.
 3. Report by the Board of Managing Directors on the course of business during the fiscal year ended November 30, 1987.
 4. Further appropriation of the Net Result for the period ended November 30, 1987.
 5. Confirmation and adoption of the Balance Sheet and Profit and Loss Account for the period ended November 30, 1987 and as presented in the report of the accounting firm of Deloitte Haskins & Sells dated May 9, 1988.
 6. Discharge and subsequent re-election of the Board of Managing Directors.
 7. Selection of independent auditors.

Shareholders, by means of the subscription agreement, have appointed Yvonnane Corporation N.V. as proxy, authorizing Yvonnane Corporation N.V. to vote the investors' shares. This proxy may be revoked either personally at the General Meeting of Shareholders or by written notice to Yvonnane Corporation N.V., 6 John B. Goetsweg, Curaçao, The Netherlands Antilles, received prior to such meeting. Shareholders have the opportunity to instruct Yvonnane Corporation N.V. as to the voting of their shares by writing to Yvonnane Corporation N.V. at the above address.

MLH REALTY INVESTMENTS VI N.V.
by: **Pieteron Trust** (Curaçao) N.V.,
Managing Director

CONSTRUCTION CONTRACTS

Manchester hospital extension

MLJ GLEESON GROUP has been awarded contracts worth over £11m. At North Manchester General Hospital, the company is to build a two/three-storey mental illness unit, together with two adjacent wards for the elderly and mentally infirm and a central resource facility as part of a major expansion of the hospital

by the North Western Regional Health Authority. The combined cost is over £5m and the two contracts are scheduled to take up to two years to complete.

Gleeson has commenced two road contracts for the Department of Transport - construction of the £3.6m A21 Roberts-bridge bypass north of Hastings and a £1.2m road junction where the A19 meets the A1290 at South Tyneside.

A contract, worth £1.4m, has been won for refurbishing the Grimsby telephone exchange for British Telecom.

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Housing the Army at Catterick garrison

Army barracks accommodation and housing contracts totalling over £10m have been won by SHEPHERD CONSTRUCTION's North East office, based on Darlington. The largest project is a £7.5m contract at Somme Barracks, Catterick Garrison, for the Ministry of Defence. This involves a barrack block, wash-down bays and workshops, and the extension, alteration and renovation of a total of 27 buildings. The contract is due for completion in May 1990.

Design and build contracts worth over £12m have been secured from North Housing Association for 49 two and three-bedroom houses at Blyth, 34 one and two-bedroom flats at South Shields, and 24 similar flats in Durham City. The Blyth contract is for completion in May 1990 while the other two are due for completion in January 1989. Smaller local authority and housing association housing contracts at Gateshead and Colburn bring the total to over £10m.

City of London refurbishment

The Fleet branch of SULZER (UK) BUILDING SERVICES has been awarded a £3.2m contract to renew mechanical services as part of the refurbishment of the 30,000 sq metre Lloyd's 1958 building in Lime Street, London EC3.

The building includes two basements, a ground floor, gallery and five upper floors containing computer rooms, training areas, offices, staff restaurant and dining facilities for the Lloyd's community. They will be re-equipped with heating and air conditioning, hot and cold water systems, gas supply, sanitation and rainwater systems, fire protection, controls and motor control centres. The work is being undertaken while Lloyd's staff continue working on three of the five office floors. Completion is scheduled for January 1989.

Three companies belonging to the WILLMOTT DIXON GROUP of construction companies have been awarded contracts totalling £4.25m. Four of the contracts are for Willmott Dixon Construction of Sheffield in Bedfordshire. They include a £1m contract to extend and refurbish premises in Welwyn Garden City to provide a headquarters for Henleys Medical Supplies of Hornsey; the construction of a transport depot for the Automobile Association at Brooklands Industrial Estate in Weybridge in a contract worth £1.5m; the refurbishment of a building in Huntingdon to provide offices and stores for Thandar Electronics at a cost of £230,000; and a contract for Cambridgehire County Council for extensions and adaptations to a school in Peterborough.

Another Willmott Dixon company, Bush Gould of Norwich, has been awarded a contract worth in the region of £250,000 by Russell Davies for extensions to offices in Felkistowe. Willmott Dixon Western of Middlesex is carrying out a £250,000 contract for Hillingdon Health Authority at Mount Vernon Hospital.

A £1.5m shops and homes scheme has been drawn up for a partly derelict site at High Street, Burnham, Buckinghamshire by DIX BELGRAVIA. The development will include 6,500 sq ft of offices, two shop units totalling 2,000 sq ft, and a flat.

Tsing Yi island project

FRENCH KIER, Kier's specialist piling and civil engineering contractor in Hong Kong, has been awarded a HK \$20m (£16m) reclamation contract as part of a Tsing Yi island. Work involves the dredging of 1.4m cu metres of marine land-fill to form a nine hectare reclamation and 800 metres of sloping and vertical sea wall will be constructed together with a 170 metre piled quay structure. Under another contract two depots will be built for Hong Kong Tramways as part of its programme for redevelopment of its facilities.

Headquarters for Cairo

ENPPI (Engineering for the Petroleum and Process Industries) of Egypt has awarded a \$US15m (£8.4m) contract to CRC CONSTRUCTION AND RECONSTRUCTION ENGINEERING CO in association with COSTAIN INTERNATIONAL (CIL) for the construction of its headquarters building in Nasr City, Cairo, Egypt.

The building, with a total building area of 22,710 sq metres, will have a reinforced concrete frame. The four-storey structure will be finished externally with blue coloured aluminium, glazed curtain wall, infill panels and marble and terrazzo finishes. A feature will be an illuminated tower structure which will be permanently lit to depict an oil well flare. The project is expected to be completed in February 1990.

Upgrading harbours

FAIRCLOUGH HOWARD MARINE has won contracts totalling nearly £5m for improvements to harbours. At Peterhead, Aberdeenshire, the Chatham-based company is to construct the 300 metre long South Harbour breakwater for Peterhead Harbour Trustees.

Part of the South Bay development for improving facilities for the Peterhead fishing fleet, the breakwater will be built as rock armour with some 300,000 tonnes of granite. Because of limited local sources for suitable block stone, Fairclough will ship 80,000 tonnes of rock from Scandinavia on 20,000 tonne capacity barges. Most of the material will be placed underwater. Fairclough Howard Marine has also been awarded a contract to pave four hectares of reclaimed land for vehicle handstanding in Dover's Eastern Dock. The project entails laying 40,000 sq metres of precast block paving, together with 1,100 metres of surface drains up to 1,200mm diameter. Fairclough plans to complete the operation in October. Fairclough Howard Marine is a member of the AMEC group.

Mixed bag for Buxton

A contracts package totalling more than £5.5m for refurbishment of flats and construction of homes in London and Kent, has been awarded to BUXTON, Catterham, Surrey. Largest of the four contracts is a project worth almost £2.4m for refurbishment and part rebuilding of two large 1930's-built houses at Delgarno Gardens, Notting Hill. This will create a warden-assisted sheltered housing development of 64 flats for the Southern Housing Trust. Completion is due by late 1989. At Loampit Vale, Lewisham, work is to start in July on construction of 25 flats and houses for the Solon South East Housing Association, on the former Lewis-ham sawmills site. The four traditionally-constructed blocks of two and three-storeys will contain ten two-person flats, four five-person terraced houses, 10 four-person terraced houses, and two five-person flats. Overall completion of the £1.6m contract is due in late 1989. Construction work has started on 14 semi-detached houses and 15 bungalows for Ashford Borough Council under a £1.2m contract for development of Watercross Farm, at Clockhouse Road.

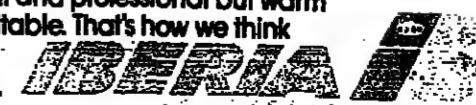
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WARM TO THE EXPERIENCE.

FINANCIAL TIMES SURVEY



Northamptonshire's position between the South-East and Midlands is turning this quintessentially

English county into a magnet for investment. But it is concerned to avoid its many attractive villages losing their communal life and identity. Richard Tomkins reports

Crossroads of prosperity

... Old narrow lanes where trees meet overhead
Path stiles on which a steeple we spy
Peeking and stretching in the distant sky ...

It was in the nineteenth century that the poet, John Clare, wrote these lines about his beloved Northamptonshire, but the present-day visitor would find the words as apt today as they have ever been.

There is something quintessentially English about Northamptonshire. Still predominantly rural in flavour, it is a county of market villages, leafy by-ways, stately homes and gently rolling meadows.

So unspoilt as to resemble a giant picture postcard, it is often quite astonishingly lovely, and doubly blessed for being under-whelmed by mass tourism: "the Cotswolds without the coaches," as the locals have it.

Yet for all this superficial impression of a sleepy shire county stuck in a medieval time warp, Northamptonshire is changing in much the same way as its location has caused it to be the focus of historical events in the past - as when the Battle of Naseby, fought out in the county in 1645, became the turning point of the Civil War - so its position

at the crossroads between south-east England and the Midlands is shaping its future now.

Lines of communication have always been important to Northamptonshire. In ancient times it provided a crossing point over the River Nene on the old Jurassic Way. Later it saw the construction of Watling Street, the Roman road running from London to Shrewsbury, and the Grand Union Canal connecting London with the Midlands.

Today it is railways and roads that are bringing prosperity to the county. Two lines from London to the north pass through, with Northampton lying on the electrified Euston-Birmingham line and Wellingborough and Kettering served by Inter-City 125 trains on the St Pancras-Sheffield line. The M1 motorway scythes through the southern portion of the county, while the soon-to-be constructed A1-M1 Link will cut a swathe across its centre.

The combination of good communications with Northamptonshire's proximity to London have not surprisingly turned the county into a magnet for investment from the overcast South-East. The tag "Britain's best kept secret," once used by Northamptonshire in its promotional material, has been dropped as busi-



Northamptonshire

nesses and private individuals, attracted by relatively low property prices and the attractive environment, have poured in.

In a sense, the ripple effect of prosperity now overtaking Northamptonshire is a continuation of a trend rather than something new. The difference is that today's inflow of investment is led by market forces, while in the past it was directed by Government policy.

For centuries a centre of the boot and shoe-making trades, the county's industrial base widened as a result of the industrial revolution but never took off in the

same way as the economies of the neighbouring Midlands or South-East.

By the end of the second world war the giant steelworks at Corby, opened in the 1930s to exploit the local iron ore, was the only industrial blot of size on a predominantly rural landscape. The county therefore became earmarked for special development. Corby and Northampton were designated new towns, while Daventry and Wellingborough became overspill towns for London and Birmingham.

The effects of these policies were dramatic. In Northampton

Footwear manufacturers: a traditional industry bucks the trend	2	M1-A1 Link: costly Kettering	4
Corby: a bustling new world beyond steel	3	Tourism: a subtle but growing role	4
Property: attractive combination of location, land and labour	3	Profiles: Barclaycard, MFI, Weetabix	4
		Left, Castleesby Church, Northamptonshire	

tions of location and environment has enabled the county to maintain the flow of inward investment without the artificial stimulus of government assistance.

Agriculture remains a significant part of the local economy to this day, as does the footwear industry. But the importance of location and communications is illustrated by the roll-call of major employers in the county whose apparent diversity masks one common element: the relevance of distribution to their operations.

Examples are MFI, the furniture retailer, which has its national distribution centre in Northampton; Carlsberg, which chose the town for its first brewery outside Denmark; Blackwood Hodge, the world's largest distributor of earth-moving equipment, with its base in Hunsbury Hill; Avon Cosmetics, with its riverside complex in Northampton; TNT IPEC, which chose the county for its inland port; and Weetabix, the cereal manufacturer, with its headquarters in Burton Latimer and another plant in Corby.

Typical of the trend was the announcement by Systemline Contract, the distribution company, just a fortnight ago that it was opening a warehouse in Northampton which would handle a £20m five-year contract for Ferguson, the electrical company, creating another 100 jobs.

Nearly 21 per cent of Northamptonshire's industry workers are now estimated to be employed in the distributive, hotel and catering trades, and the influx of other service sector employers - a notable example being Barclaycard, with its national headquarters employing 3,000 - has resulted in services growing at the expense of the manufacturing sector in which light engineering predominates.

Overall, the picture now is one of robust economic health. Unemployment, down to 6.6 per cent in April, is well below the UK average of 9.1 per cent and the East Midlands regional average of 8.3 per cent and, although still higher than the county would ideally like, it is already at the stage where skill shortages are arising.

The Commission for the New Towns, which has taken responsibility for the disposal of assets in Corby and Northampton since their respective development corporations were wound up, describes the area as one of the most successful in the country.

"Its location, its environment ... if you put everything together you have got almost a textbook location for investment and development," says Mr David Woodhall, the commission's chief executive.

Even in Corby, where the commission had a special remit to promote reconstruction and attract new industry, Mr Woodhall says the number of jobs is now back to the level it was at before the steel closures began, and the town's economy is all the stronger for being built on a more diversified base.

If Northamptonshire does have a problem, it is the opposite of industrial decline: it is far more to do with the pressures created by the continuing influx of people and businesses.

Mr Mike Kendrick, director of planning and transportation at Northamptonshire County Council, says one concern in the county is the extent to which its many attractive villages could become dormitory areas, from which wealthy commuters from the South-East, thus losing their community life and identity, efforts are therefore being made to promote carefully-controlled developments in appropriate industries - of which tourism is one - in the countryside so that the villages remain viable economic entities, not simply showpieces.

Conversely, however, another major concern is the extent to which development pressures could, if not carefully controlled, adversely affect the rural environment.

Agricultural land values in the county are poor compared with development land values and Mr Kendrick points out that the disparity inevitably creates pressure to convert the one to the other.

Northamptonshire's concern has been partly alleviated by the Environment Secretary's response to the new county structure plan in which he broadly approved the county's planning policies for the period to the year 2001.

"We were worried that if we were expected to take significantly more development than we had planned for, particularly in the rural areas, then that would have destroyed what we were trying to protect," says Mr Kendrick.

"Maintaining the right balance between development and the environment is our main concern, because if we destroy that, then we destroy the very reason why people come to Northamptonshire in the first place."

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KETTERING AND DAVENTRY.

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NORTHAMPTONSHIRE 2

The county's footwear manufacturers are responding to the fashion for classic styles

Traditional industry bucks the trend

IN THE last year or so, three gleaming new footwear factories have been built in Northamptonshire: all three are now manufacturing the traditional men's shoes which have been made in the county for centuries.

News of investment and expansion is welcome in every area of manufacturing; but in the beleaguered British shoe industry it is doubly so.

In recent months when most of the footwear sector has been embroiled in cuts and closures following a surge of low cost imports that has flowed into Britain since last autumn. But one part of the industry has bucked the downward trend: the

men's shoes manufacturers still concentrated in their traditional territory of Northamptonshire.

No one knows when the county first became the centre of men's shoe making. There is a story, possibly apocryphal, that the city of Northampton is still owed money by the Government as payment for shoes made for Oliver Cromwell's army in the 17th century.

The industry originally emerged in the county because of the availability of leather. The fertile river valleys of the Ouse and the Nene have long provided grazing for cattle. Given that cattle hide is thick and sturdy, it tends to be used to make men's

shoes; while the finer hide of the sheep and goats of Leicestershire and Norfolk is better suited to meet the needs of the women's and children's shoe makers of those counties.

The Northamptonshire footwear industry flourished until the late 1970s when the combination of increasing imports and a slump in consumer spending dealt a devastating blow.

In the past decade the industry has halved in size. The county has lost more jobs from the decline of the shoe sector than from the much-publicised closure of the British Steel complex at Corby.

Today there are now about 50

companies making shoes in Northamptonshire with a workforce of 8,700 people. The British Shoe Corporation, part of the giant Sears group, dominates the industry with more than 1,300 employees at its three factories.

The other large concerns are Church, famous for its classic brogues; Gidgys, which makes Dr Martens shoes; and John White, the footwear firm recently sold by Ward White to its management in a buy-out.

In many ways the men's shoe makers of Northamptonshire suffered more than their counterparts in the women's and children's sectors in the recession of the late 1970s and early 1980s. For

the competitive pressures of rising imports and dwindling demand were combined with the emergence of trainers, or the sports shoes, made in the Far East which are now worn by many men instead of traditional footwear.

Yet for the past two or three years the Northamptonshire companies have benefited from the fashion for traditional, "English" shoe styles. This fashion has not only stimulated demand for Church's classic brogues and Dr Martens within the UK, but has encouraged export sales.

As a result the "classic" manufacturers, like Church and Genson, have benefited from buoyant export sales. Similarly Griggs has been able to nurture new overseas markets for Dr Martens, which have become fashionable footwear for young people throughout the world. Some of the specialist producers, like George Cox which makes 1980s-style "brothal creepers", have also prospered.

In 1987, a year in which the 888m British shoe industry as a whole saw output fall because of increased competition from cheap imports, the Northamptonshire manufacturers were chiefly responsible for an 11.5 per cent increase in exports to £186m.

So far in 1988 the growth of exports has continued. In the first quarter of the year the industry mustered export sales of £46m, according to statistics from the British Footwear Manufacturers Federation: an encouraging increase on the same period last year.

Griggs has been sufficiently confident to have invested in a new factory to manufacture Dr Martens specifically for its overseas markets.



Lasting footwear: assembly of the uppers and bottom shoe components at FII Group's new welled shoe factory in Northampton

Yet the rise of the pound on the foreign exchange markets has cast a cloud over the future prospects for exports. Church has already seen sales to the US falter as a result of the dollar's decline, yet so far it has been able to compensate by increasing sales to Europe.

Similarly on the home front demand for British-made men's shoes has proved to be remarkably resilient despite the overall increase in imports of footwear into Britain.

Since last autumn the British market has been flooded by low cost footwear from the emerging production centres of the Far East like South Korea and Taiwan. But it has been the

women's shoe makers - concentrated in Leicestershire and Lancashire - which have borne the brunt of this influx of imports. The Northamptonshire men's shoe manufacturers have suffered too, albeit to a lesser extent.

There has been continued pressure from Eastern Europe in countries like Poland and Czechoslovakia. Moreover the indirect effect of increasing imports - depressing prices across the marketplace - has spread from women's shoes, where direct overseas competition is most intense, into the men's sector.

Similarly the Northamptonshire manufacturers have to grapple with the problem of rising

raw material prices. The price of leather has rocketed in recent months.

Nevertheless they have forged ahead with their expansion plans. In addition to the new Griggs factory, the FII Group has built a new welled shoe plant for its Lotus subsidiary and Barkers of Earis Barton has shifted production from its old factory into a new £8m unit.

So far this confidence has been justified. For the level of demand for the traditional men's welled shoes - which have long since been the bastion of the Northamptonshire industry - is still outstripping supply.

Alice Rawthorn



A busy day in Northampton's picturesque market square - one of the oldest in the country

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NORTHAMPTONSHIRE 3

Property market

Location, land, labour

WITH THRIVING, and competitive locations like Peterborough just over its eastern border, Leicester to the north and Milton Keynes to the south, Northamptonshire might appear to have its work cut out in attracting property development.

However, says Colin Marriott, a director of local agents Berry Commercial, this is only because Northampton itself has gone on to the back burner in recent years. He worked for Northampton when it was a New Town - it was designated in 1968, and handed over to the Commission for the New Towns in 1985.

Before the New Town, Northampton was well up with the competition. Furthermore, he says that in the past twelve months, a combination of economic prosperity and major potential infrastructure improvements have brought property development back to a high pitch in the county town, and that the effect is spreading into other Northamptonshire towns like Kettering, Wellingborough and Corby.

David Woodhall, chief executive of the Commission for the New Towns, and county planning officer for Northamptonshire for a decade, says that the county emerged as a commercial property location in the early 1960s on the back of the "three Ls" location, in its central position in the country, a skilled labour force and the availability of land, "sensitive to a number of development agencies."

Of Northampton, he notes that the former New Town Development Corporation, between 1970 and 1985, brought into the town 200 broadly based companies, 70 from overseas representing 17 countries.

Almost 10m sq ft of new factory space, 2m sq ft of office accommodation and 1m sq ft of shops created over 18,000 extra jobs and established one of the best industrial relations records in the UK. The Corporation built 21,000 homes, sold land for private construction and provided modern sports, entertainment, health care and educational facilities, including 28 schools.

Now, there are a number of signs that development is going up market. Northampton and its neighbours Daventry (a population expansion area for Birmingham) are close to the M1 and to sample. The local authority is they have always been excellent not enthused, and the question of locations for national distribution. However, the CNT sold a appeal.

prestige corner site of 4.88 acres to the Newbury-based commercial developers, Trencherwood, last year and that is being developed as a "high tech" business complex in conjunction with Sedgwick Securities.

To date, the county's evolution in business park development has taken it up to what has been called "mid-tech". This tends to be warehouse shed space with maybe a 30 per cent content of office space, faced in coloured glass which is stuck on the front to look impressive. Now, says Mr

Marriott, there are two proper business parks, office/product development/research and storage hybrids, planned for the Watermill site in an expansion area south west of Northampton. Even further up the market, Mr Marriott's firm is acting for London developers Abcoot Properties in the development of a 600,000 sq ft campus office park on a proposed A43/M1 junction south of Northampton. He observes that Northampton's urban office space has reached saturation point; that the A43 upgrading to Oxford will give the county excellent, and much needed communications with the M4 and the South West; and that an American company is already negotiating, among 200,000 sq ft of firm enquiries, to take its headquarters out of London and on to this, the Milton Corporate Office Park.

Now, there are a number of signs that development is going up market

Alongside, rather than above a balanced, conventional retail property market, the CNT is putting forward an out-of-town retailing and leisure complex for a 64 acre water meadow, which is presently zoned for industrial purposes, by the river Nene. This, it says, will (a) accommodate large, non-food retail space users which will not compete with Northampton town centre and (b) open up the river for leisure purposes; it could also, he says, perhaps accommodate the neighbourhood Daventry (a population expansion area for Birmingham) with working models for visitors (ham) are close to the M1 and to sample. The local authority is they have always been excellent not enthused, and the question of locations for national distribution. However, the CNT sold a appeal.

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The county is a nice place to live in. It is a boast of the locals that some people might work in Milton Keynes, but live in Northamptonshire - although, to be fair, the same sort of people might also work in Northamptonshire towns and live in the county.

Northamptonshire villages manage to look lived in and very attractive at the same time, and they are getting more expensive. Weatherall Green and Smith, the CNT's retained agents, say that residential land prices in and around the county town have risen from £100,000 in 1985 to over £400,000 in some cases today. Research indicates that there is commuting to London as well as Milton Keynes, especially from Kettering which, with Corby, is on a fast inter-city line to St Pancras. WGS partner George Bruton also says, incidentally, that industrial land values have more than doubled around Northampton in the past twelve months and that the going rate at Bracknills is now comfortably in excess of £250,000 an acre.

Kettering, of a size with Corby and Wellingborough, got there by being a mature market town rather than on the growth induced by Enterprise Zone status - given to Corby when the steel industry expired - or expansion area designation, which went to Wellingborough to take the heat off the Greater London area.

Kettering has the accolade of hosting the only Marks & Spencer branch in the three second echelon towns in the county and it is looking for considerable benefits from the pending A1/M1 link which will pass just south of the town.

Will development pass the county by, now that it is becoming more expensive? Colin Marriott thinks not. He admits that residential property prices are "going through the roof" but he notes that the county structure plan has been changed slightly. "There has been a nominal increase in new units, he observes, but while there has been a lot of pressure for residential development in rural areas, very large areas have been identified in the towns. These, he says, can certainly accommodate the growth required.

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PEOPLE IN Corby have found a world beyond steel - and they acknowledge that they like it.

This town of 52,000, which grew up around an integrated iron and steel works using local iron ore, has been transformed in under ten years into a bustling centre for diverse manufacturing and distribution activities. It is now the very model of a modern industrial town and is making an important contribution to the economic prosperity of Northamptonshire.

The renaissance of Corby is all the more remarkable when it is judged against the desperate situation that faced the town back in 1979 when the British Steel Corporation - suffering unsustainable losses - was forced to end steel-making there as part of its programme for wholesale rationalisation.

British Steel was able to keep the Corby tube-making plant in business. And today it is still the biggest single employer in the town today with a pay-roll of 2,000. But the closure of steel-making resulted in 11,500 jobs being lost. That meant that the jobs of half Corby's workforce disappeared within a short space of time.

A measure of the success achieved since then is that skills shortages and the problems of skills mismatches are now the primary concerns of the Corby authorities. Although total unemployment among adults males and females stands at 2.65 (10.7 per cent of the workforce) many within that figure are unemployed because they lack skills or are not actively seeking employment. A more useful figure to demonstrate the buoyancy of the Corby economy this spring is that there are only 37 youngsters under the age of 15 seeking work in the town - and local employers are regularly seeking to hire more young people.

Since 1981, more than 400 companies have moved into Corby attracted by the ready availability of good labour, the heavy investment in infrastructure that has been poured into the town, and the united efforts of the Corby District Council, the county, the New Towns Commission, the Corby Industrial Development Centre, and BSC(Industry), to put the town to work again.

New industrial patterns are fast emerging. Corby has proved very attractive as a distribution

centre. It occupies a strategic location mid-way between the M1 and the A1 north-south roads, and astride the important east-west routes which link the west Midlands and the north west with the east coast and the south east ports.

Corby has also become a national production centre for the food industry, helped again by its position amid rich English farmlands. It has two potato crisp factories, Golden Wooster and Hunters Foods, Weetabix makes breakfast foods there, and Allied Foods and RHM also have plants.

The presence of the food industry and the skills in metal-working and general engineering among Corby men has also led to a number of companies settling on the several industrial estates to make stainless steel equipment for food processing and other uses.

High-tech businesses also like Corby is short of managers. Mr George Deacon, is more than



The town centre of Corby: now the very model of a modern industrial town.

Companies arriving in the district have tended to bring their key managers with them. But they would like to find new managerial material locally. And it is proving quite a hunt. Many of the managers made redundant at the time of the steel closure are comfortably provided for with their redundancy arrangements and are not seeking new jobs. Mr Jackson has started a campaign to persuade some of Corby's retired management material to work part-time, or to take up contracts for specific periods with firms who are eager to employ their skills.

Meanwhile, British Steel plays a role in encouraging new "seed corn" businesses to set up in Corby. Within the BSC site there are nursery workshop units run by the subsidiary BSC(I) which are proving to be a continuing success in helping fledgling businesses get started. The manager, Mr George Deacon, is more than

Mr Ray Jackson, director of industry at the Industrial Development Centre, says: "there is a momentum and self-confidence apparent in the town now. After the rapid growth of the last few years people are confident that even more jobs are going to be created here. The sort of businesses we have here tend to grow and to employ more people. That is being noticed by the workforce".

Profile: Corby

A bustling new world beyond steel

willing to act as adviser to smooth the problems of these young businesses.

BSC(I), which was founded to help cushion the blow of steel industry redundancies, is still making soft loans available at 1 or 2 per cent below bank rate over periods up to 3 years for suitable businesses wishing to set up in the Corby district and provide employment. Usually the loans are in the range up to £100,000.

The rescue of Corby was born out of desperation when the people and British Steel realised that the heart was being torn from the town by the closure of primary steelmaking, and that something had to be done.

Coopers and Lybrand Associates, who were called in as consultants, proposed a massive programme for industrial development. The government, the European Community, British Steel, the county, and the local Labour-controlled council all cooperated to develop what was probably the most impressive crash programme to rescue an ailing British community ever.

The New Towns Commission was given a special role by the government to assemble industrial sites, build roads and infrastructure, and provide everything necessary to attract new industry. It was spending up to £12m a year of public money to help the local economy in the early years after the steelmaking closure.

The social mix of Corby is, to say the least, unusual. It is a Scottish community transplanted to the rolling country of Northamptonshire.

The reason is to be found in the history of the British steel industry. In the early 1930s the Scottish steelmaking company Stewarts and Lloyds, then still a family business, chose the village of Corby as the site for the biggest integrated iron and steel and tube-making works in Europe - exploiting the local iron ore. Corby had a population of just 1,500 people before the tartan invasion.

Several generations later the Scottish accent is still strong in Corby, and the town even boasts a supporters' club for Glasgow Rangers. A little piece of Scotland in the English Midlands, it seems to offer a healthy mix for modern business life.

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Plessey collaborates with leading US and other European companies across a wide range of technologies.

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In Northamptonshire, Plessey has two key establishments - the renowned Allen Clark Research Centre at Caswell and a microwave, optoelectronic and gallium arsenide development and manufacturing facility in Towcester.



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CORBY GROWS

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GROW WITH CORBY

Ray Jackson, Director of Industry
Corby Industrial Development Centre, Grosvenor House, George Street, Corby
Northamptonshire NN17 1TZ, England. Telephone: Corby (0536) 62571 Telex: 341543

Name: _____
Company: _____
Position: _____
Address: _____
Tel: _____

CORBY WORKS

NORTHAMPTONSHIRE 4

Export success for Weetabix

WEETABIX, which began as a small family concern in Burton Latimer, Northamptonshire, in 1932, is today a leading manufacturer in the UK's £570m market for breakfast cereals and exports its products to 70 countries.

The company which now produces 60m Weetabix biscuits a week is still privately-owned, with Richard George as chairman and managing director. The Northamptonshire plant employs 1,500 people.

The majority of the sales are shared between the company's famous major brands, Weetabix and Alpen Original, and a number of recent innovative products such as Weetabix varieties of Alpen with tropical fruit or without added sugar. Other products include Farmhouse Bran, Top Bran and Weetabix Flakes.

In 1975, the company opened a second factory at Corby. This year the company will spend \$2m promoting the Weetabix brand with a campaign concentrating strongly on children's TV. Alpen is supported with an annual advertising spend of more than \$2m and with \$3m for the Weetabix product. Weetabix estimates that the UK market for ready-to-eat breakfast cereals has grown by 40 per cent in volume in the last five years.

Among its steadily expanding export markets, Weetabix is making strong emphasis on Europe and North America.

The M1-A1 Link

Cheeky Kettering

CHEEKY KETTERING, often neglected in the past when it came to handing out investment incentives such as enterprise zones to other towns in Northamptonshire, has its own name for the road soon to carve a horizontal path through the middle of the county, the Kettering Link.

This alternative title for the road otherwise known as the M1-A1 Link is not without merit. By far the largest town on the road, Kettering, is uniquely placed to reap dramatic benefits from the improvement in communications that the county's first proper east-west route will offer.

The town will also be a major beneficiary in terms of the relief which the accompanying ring road will give to its internal road system. For years in a state of limbo pending a decision on the M1-A1 Link, Kettering has been handicapped by its status as the only town of any size in Northamptonshire not to host a by-pass.

The 45-mile M1-A1 Link will start at the point where the M6 forks off the M1 near Rugby and end on the A1 near Huntingdon, with a loop half-way along its length around Kettering. It will be a dual carriageway of near motorway standard and is expected to cost £120m to build.

At the time the Link will undoubtedly provide an important economic boost for Kettering and Northamptonshire generally, it was not specifically planned for

that reason. Rather, it was intended to speed up communications between the Midlands and the East Coast ports, a need which has become all the more pressing with the abolition of EC fiscal frontiers looming in 1992.

The road, however, has been dogged by controversy. Its route was decided only last year after a contentious 143-day inquiry at which the inspector rejected four other possible routes put forward by objectors to the plan.

Perhaps the most divisive issue at the public inquiry was how the Link should pass the historic village of Naseby. The Government decided to accept the inspector's recommendation that the road should pass north of it, resulting in a route which crosses the southern edge of the famous battlefield where King Charles I and Prince Rupert suffered a serious reverse at the hands of Sir Thomas Fairfax and Oliver Cromwell during the English Civil War in June 1645.

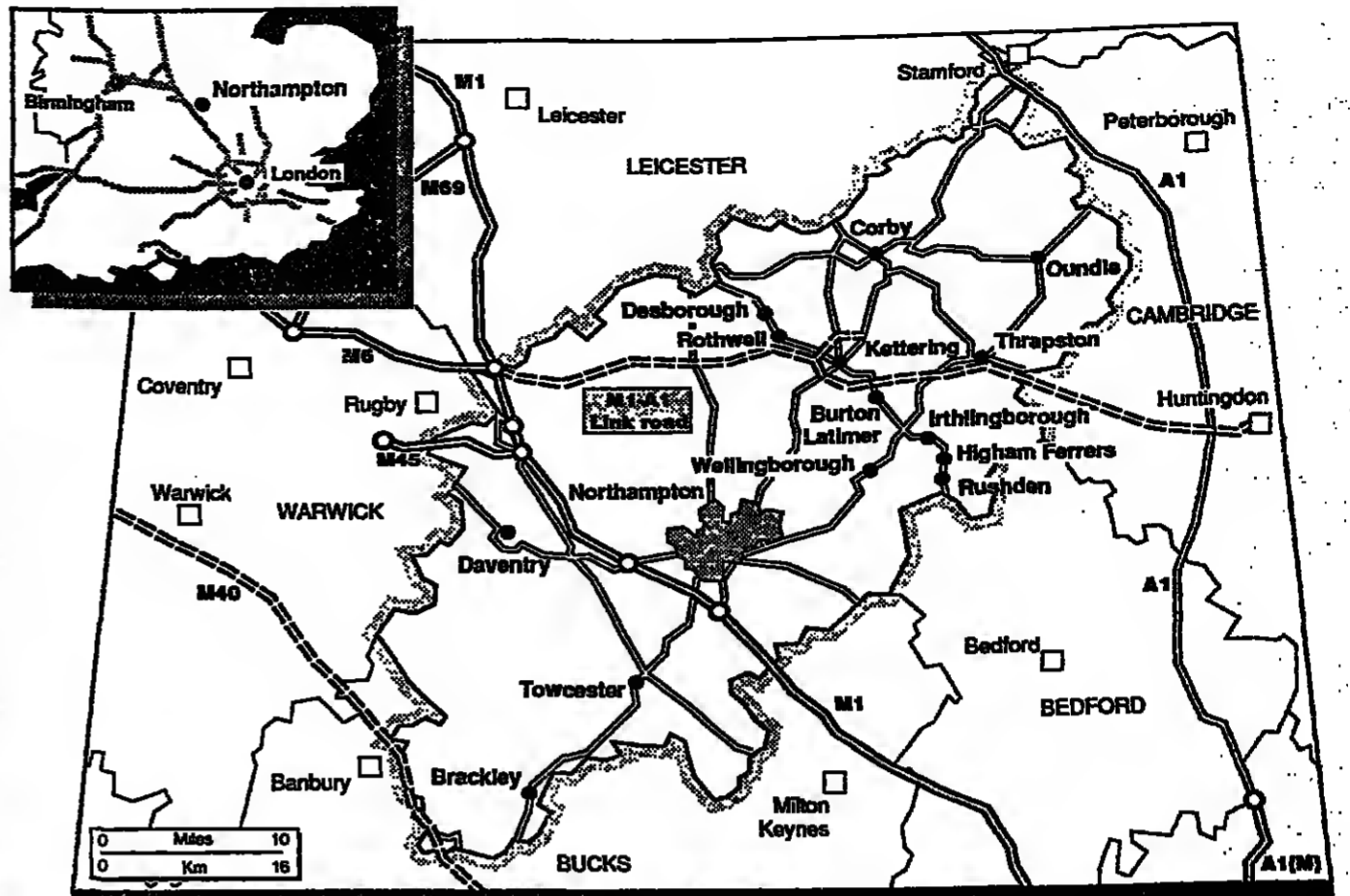
The Government said it had decided to adopt this route because an alternative line to the south of the village, avoiding the battlefield, would have had an even more serious effect on nearby villages and the country's side.

The Society for the Preservation of the Battlefield of Naseby, however, is incensed by the decision and has taken its modern-day battle of Naseby to the High Court, where all parties are awaiting a hearing of its challenge to the Secretary of State's line order.

Work on the Link was originally expected to have begun earlier this year but it now seems unlikely that the first sod will be cut until October, when construction of the Kettering to Thrapston section is expected to start and dualling of the A604 on to the A1 should begin.

Completion of the Link is envisaged in 1991 but this target appears increasingly unlikely to be met. While Kettering may have its route to the A1 by then, it may have to wait till 1992 before it is fully plugged into the motorway network.

Richard Tomkins



The road has been dogged by controversy

Tourism

A subtle but growing role

THE CONCEPT of tourism has come fairly recently to Northamptonshire. Although replete with attractions both natural and historic, the county has in the past kept them mainly to itself, preferring to maintain the tranquillity of the traditional English countryside rather than prosper at the hands of coach-loads of trippers.

If that is changing now, it is only subtly. Northamptonshire is not alone in believing that uncontrolled tourism can create more problems than it solves, and the economic buoyancy of the county is such that it has no need to rush headlong into the mass market.

Yet tourism does have an important, and growing, role in the county. Northamptonshire recognises it as an industry which can make an important contribution - though certainly not the only one - to job creation in the rural areas, where many villages might otherwise be in danger of becoming mere dormitories for commuters travelling to larger towns and the South-East.

This is not simply a matter of providing people with summer jobs as coach park attendants and ice cream vendors. Instead, the emphasis is more imaginative

developments with potential for attracting visitors all year round, either by protecting them from the elements or by exploiting variations in the weather.

An example of the latter is the scheme afoot at Raunds, where a living museum of rural life is planned. Here, one idea is that people would take on the roles of characters in a village of, say, mediaeval times and adjust their way of life to suit the seasons, so that a snowfall would give the tourist something new to see, not close the exhibit down.

But there are also tourist attractions of the more traditional variety in Northamptonshire, and a great many of them. The county is typified by all things English: delightful stone-built villages, remains of ancient forests, magnificent Saxon

churches, and many stately homes.

Perhaps Northamptonshire's best-known tourist attraction is Althorp House, seat of the Spencer family since the 16th century and home of the family of the Princess of Wales. But if other places of interest lack the kind of fame accorded to Britain's Blenheim Palace or Windsor Castle, part of their very charm lies in the fact that they are relatively undiscovered.

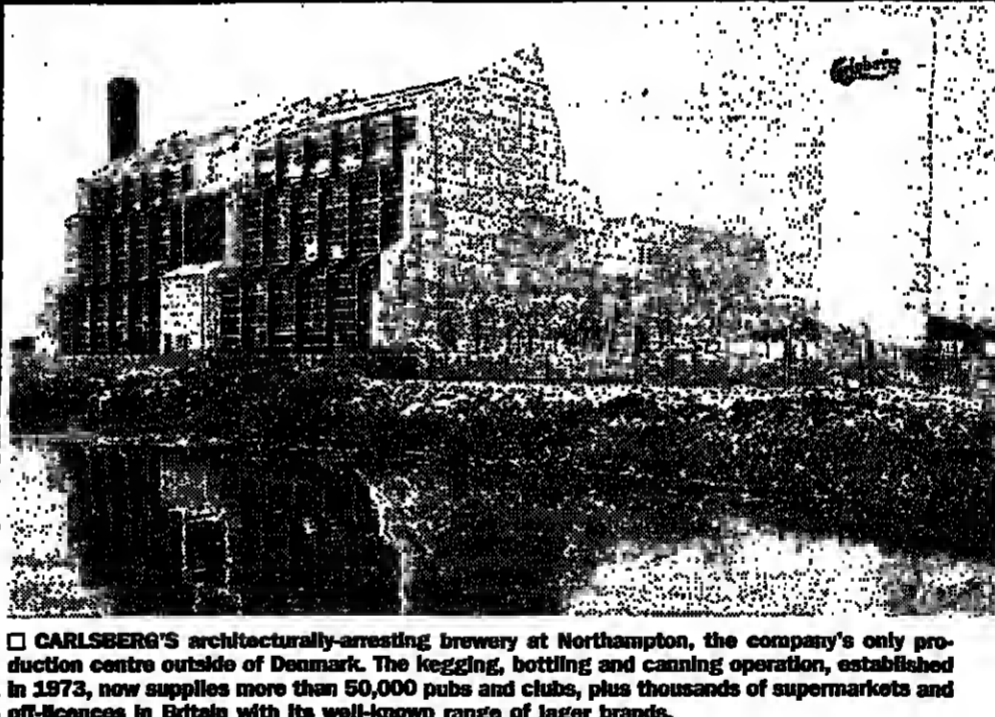
The 15th century Boughton House, for example, north-east of Kettering, has been described as a vision of Louis XIV's Versailles, transported to England. Nor far away, just north of Corby, the well-preserved Rockingham Castle was the seat of Norman kings, while a short distance away on the east side of the town is the

splendid Deene Park, family home of the Earl of Cardigan.

Althorp apart, the county has many other historic connections with royalty. It was in Fotheringhay Castle, for example, that Mary Queen of Scots was executed in 1587, and although only the ruins of the castle remain, its staircase - and the queen's ghost - are reputedly now to be found in the ancient Talbot hotel in nearby Oundle.

Just 58 years after Mary's execution, her grandson, King Charles I, was defeated at Naseby in a battle that marked the turning point of the English Civil War. A year later Charles returned to Northamptonshire as a prisoner, to be incarcerated in Holdenby House.

Richard Tomkins



□ CARLSBERG'S architecturally-appealing brewery at Northampton, the company's only production centre outside of Denmark. The kegging, bottling and canning operation, established in 1973, now supplies more than 50,000 pubs and clubs, plus thousands of supermarkets and off-licences in Britain with its well-known range of lager brands.

Barclaycard nerve centre

BARCLAYCARD, which claims to be the UK's largest credit card organisation, is one of Northampton's major employers, with a workforce of around 3,000.

The Northampton operation began 22 years ago with 246 employees at Aquila House, a converted shoe factory in St Giles Terrace.

Today the multi-storey Barclaycard headquarters in Market Square processes the accounts of 5m credit card holders.

Turnover by Barclaycard in 1987 was £5.4m. It is estimated

that at least 17 per cent of the UK's adult population hold a Barclaycard which is accepted in more than 250,000 retail stores in the UK and more than 5m outlets worldwide.

There were around a million card holders soon after the Northampton operation was launched in 1966 but the total grew steadily and, by 1972, the total had doubled. Barclaycard is now part of the international Visa organisation which is a worldwide computer network which facilitates credit card payments in around 160 countries.

The Northampton nerve-centre handles between 40,000 and 60,000 calls a day - or almost 20m calls a year. A team of 450

authorisation clerks work on a shift system with around 160 on duty for each shift.

A giant mailroom in the St James Hill Road area sends out more than 5m customer statements each month, which represents about 200 sack-loads of mail each day. Around 200 people, including 20 former police officers, work in the fraud prevention department.

Profits for the Central Retail Services Division of Barclays last year were \$5m up on the previous year, at £97m. Barclaycard turnover jumped by 20 per cent to £5.5bn and the number of Visa transactions processed increased to a new record of £277m.

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Profile: MFI

Buyout to expansion

IT IS possibly the largest furniture warehouse in Europe, a vast 22-acre building piled 26 feet high with tables, chairs, cupboards and the like, all packed up and ready to be shipped out to MFI's 142 outlets at a moment's notice.

The MFI National Distribution Centre at Northampton is located in a total expanse of 42 acres, employs 500 people and ships out an average of 370 trailer-loads of merchandise every week, carrying as much as 350,000 items of furniture.

Every year, transporters from Northampton - brightly emblazoned with the "won't be beaten" logo - cover some 3½m miles and deliver over 15.3m items.

MFI's trading philosophy is encapsulated in the phrase: "See it, like it, take it away". This requires maintaining a large number of stock-lines at the individual stores, and being in a position to replenish stocks promptly.

Hence the need for a vast distribution centre within easy reach of the UK's main motorways. With 100 loading bays, the Northampton site has the capacity to handle up to 150 incoming containers a day.

Linked to Northampton by computer, the individual stores boast more than a 90 per cent chance of finding its required item in stock. At any one time, the warehouse stores as many as 2m separate pieces of furniture, from video trolleys to three-piece suites. At cost prices, the Northampton stock is worth between £25-£30m at any one time.

Computers assist not only the ordering process, but also the shipping and loading of the transporters. The computer calculates the optimum load mix; computerised "stuffers" pack the goods into the lorries.

With a total of four miles of roadways, many 14 foot wide or more, the warehouse is arranged on a relatively simple de-mountable stacking system which allows pallets of merchandise to be piled to the ceiling. A fleet of special

bicycles has to be maintained. Following a recent diversification into carpets, a new range of equipment has been introduced to the warehouse. For example, extra wide aisles have been designed to give extra manoeuvrability to fork-lift trucks with 12 foot booms, specially adapted to handle carpet rolls.

The centre houses sophisticated carpet cutting equipment, which allows just two, skilled employees to wrap any standard length of broadloom in a total of approximately one minute. Also sited at Northampton are the quality control department and the spare parts division. MFI hopes to locate the required part and deliver it to the branch within a week of the customer's request.

Work on the 1m square foot warehouse began in 1979 and was concluded in September 1985. According to Derek Hunt, MFI chairman and chief executive, Northampton was chosen because of its geographical position, and because of the availability of suitable land and employees.

Its goods mainly sourced in the UK, the warehouse now serves some 45 per cent of MFI's total product requirements. The balance is manufactured by Hygena, the kitchen company which MFI acquired in October last year as part of its £715m management buyout from ASDA, the supermarket group.

This was the UK's largest ever management buyout and was unusual because of both the large numbers of managers who participated in the transaction and the fact that employees were also given a chance to buy some shares in the new company.

It is intended to expand the warehouse's present capacity by a further 250,000 sq.ft. in line with the company's anticipated rate of growth. MFI is planning to increase its selling space by a half. Currently, its 142 outlets represent 5m square feet and employ 6,500 people.

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ARTS

Architecture/Colin Amery

All souls to the plantation

The fine Codrington Library at All Souls in Oxford is fascinating because it defies any architectural traditions by being as totally classical inside as it is Gothic outside.

For the west front of the Library Hawksmorr produced one of his most brilliant designs. He repeated the composition of the fifteenth century antechapel, but on the outside his main window is a Gothic version of a Venetian window.

phor Codrington, in Roman dress, scripted by John Cheere in 1734. It is this powerful-looking figure who concerns us this week.

Codrington withdrew from his post as Governor, and at the age of 36 returned to Barbados, to his stone built mansion at St John.

The college buildings were completed in 1743 and today, despite the occasional hurricane, look much as they did when they opened.

Unlike the Codrington gift to Oxford, secure in the arms of All Souls, the college in Barbados is in need of help. It has had its problems in the past, but is now in the care of a trust established by the Barbados Parliament.



Codrington College, Barbados, needs help quickly

appeal under the patronage of the Archbishop of Canterbury. Barbados is in need of the end of 1988 to ensure the restoration of the fabric of this remarkable place.

It is important for the future that islands like Barbados should be the home for more than tourism. Christopher Codrington was an idealist, and his supporters today deserve every encouragement.

Iolanta/Aldeburgh Festival

Andrew Clements

Even the best organised and executed of festivals should be allowed one miscalculation. This year's Aldeburgh Festival is well filled with imaginative and tempting programmes; every day seems to offer at least one novel or revealing juxtaposition.

It was less festive, though, to entrust its production to Galina Vishnevskaya. Formidable dramatic soprano do not automatically become accomplished participative stage directors.

or imply any emotion that is not scored in the most unambiguous way. The dramatic disaster is made the more painful because, despite the immense handicap, Chaikovskiy's one-act fairy-tale work, originally intended as a companion piece to The Nutcracker, emerges cogently and memorably.

That so much of this fascinating mixture is projected in the Sneye Matings against such overwhelming odds is a tribute both to the score itself - how

good it would be to see the opera done by ENO - and to the forcefulness of Stuart Bedford's conducting, impassioned and direct, and the alert playing of the Britten-Pears Orchestra.

Strange vowel sounds afflicted other singers too, suggesting a corporate malaise that may have been a production characteristic, too - Michael Druett's René, King of Provence and Iolanta's father, could well have prospered in another context.

Thais/Opéra-Comique, Paris

Ronald Crichton

Once one of Massenet's most popular works, Thais no longer appears with the old regularity. The demands of the title role are physical as well as vocal.

Writing after an enjoyable stand performance of the opera at RNCM Manchester some years ago, I suggested that the score had worn less well than the story.

The patriarch Nicias (a former student-companion of Athanél, which lends salt to the story) was agreeably sung by Gérard Guano. A little more flashiness would not have come amiss.

Rich young Nicias is evidently as fond of his library as of his girls. There was plenty of marble, clean looking but austere dove-grey. Thais, written for the big Opéra, needs a larger stage.

The cast was dominated by the baritone Alan Fondary as the misguided monk Athanél. Mr Fondary's magnificent voice has come into its full and splendid estate.

Rumours of the closure of the Opéra-Comique or Salle Favart (the alternative title has not quite succeeded in imposing itself) when the closing for the opening of the new opera house at the Bastille prove unfounded.

Pierrot Lunaire/Sadler's Wells

Clement Crisp

Both works in the Rambert Dance Company's third programme take their inspiration from the commedia dell'arte, though their use of its themes and manner are very different.

Richard Alston's Pulcinella edits Massenet's original libretto for the Diaghilev Ballet as basis for not especially convincing classical stepping that are garnished with mime.

With her trusted partner Roger Vignoles, Miss Walker has devised a "cabaret" recital, which they performed here on Friday with evident enjoyment.

setting - received no less concentrated interpretations. Contrasted with memories of Christopher Bruce's stripped-to-the-bones-of-feeling portrayal, Mark Baldwin's Pierrot might seem somewhat florid in gesture, but his is an analytically exact and completely communicated reading.

It is a performance beautifully considered and sustained. No less good the Columbine of Elizabeth Old, ever on the emotional quiver, just vicious enough to torment and wound Pierrot without seeming exaggerated.

epitomising what Edith Sitwell called "waggart braggadocio," and clearly the opportunist who must educate Pierrot. With performances of this calibre, the doubt of Pierrot is never in doubt.

Technical song foid is no substitute for southern temperament, and no self-respecting Neapolitan girl would surely be seen in the dim frocks on view here.

Sarah Walker/Wigmore Hall

David Murray

Well, of course they do; but it is classically naive to suppose that the pop-commercial world is all one - that Central Casting would send the same performer to belt out Broadway numbers and patter through witty turns and amugls up to a smoky cocktail lounge lyric, least of all in quick succession.

A fine torchy howl helped this rum recital, which should do well at the better class of provincial festivals

Miss Walker was more successful than that, with the disarming asset of her bubbly stage persona (resident here in three different guises), half mischievous preface and half lolly aunt. If Gershwin's "The Man I Love" at the start betrayed unsuitable cut-glass vocal technique in too many phrases, there was a fine, torchy howl in "Boy, what love has done to me" at the end.

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Arts Guide June 17-23. MUSIC LONDON: Camden Choir and London Bach Orchestra with Gillian Fisher, Mark Tucker and Michael George. The Creation, Barbican Hall (Mon), (038 8821). English Chamber Orchestra conducted by Murray Perahia, with Rashid Latif, piano. Mozart, Barbican Hall (Tue). Royal Philharmonic Orchestra conducted by André Previn, piano. Brahms, Mozart and Dvorak, Royal Festival Hall (Wed), (025 5191). PARIS: Orchestre Français d'Oratorio, conducted by Jean-Pierre Lora. Elisabeth Brauser choir. Verdi - Messa da Requiem (Mon), Saint-Roch Church (42.61.93.28). Orchestre National de France, conducted by Rudolf Barshai, Bruno Leonardo Gelber, piano. Beethoven (Tue), Theatre des Champs Elysees (47.30.38.37). Orchestre de Paris, conducted by Pascal Verrot, Marla Inoa Piras, piano. Berlioz, Chopin, Landowski, Strauss (Wed, Thur) Salle Pleyel (45.83.07.25). NOVEL Orchestre Philharmonique, conducted by Janowski with Radio France Choir. Strauss, concert version of Arabella (Tue, Thur) TMP. Chatelet (43.32.44.44). BERLIN: Berlin Philharmonic, The Berlin Philharmonic Orchestra, conducted by Seiji Ozawa, Handel, Wagner and Bruckner. (Tue, Wed). ITALY: Venice, Teatro La Fenice. Peter Maag conducts Ravel and Berlioz with soprano Katia Ricciarelli (Thur). Florence, Teatro Comunale. Vladimir Ashkenazy playing Schumann and Chopin (Wed), (0778236). NEW YORK: Orford String Quartet, William Schuman (world premiere), Murray Schafer (Tue), Kaufmann Hall (886 1100). Sarah Vovnow, harp recital, Debussy, Da Palla and English folk songs of the 15th century (Wed, Thu), Free, Juilliard Concerts at the IBM Garden Plaza, 55th & Madison. Oberlin Contemporary Ensemble, Gregory Fulkerson, violin, Peter Palanca, piano, Edward Miller, Michael Daugherty, Nicholas CK Thorne, Baroque (Wed), Merkin Hall (362 8719). New York Chamber Symphony, Andrej Panofnik conducting. All the classical pose could be bought for under £100. But his prices have not returned to the six-figure peaks of the early 1980s. Four paintings are on offer in this sale, with a top price of up to £90,000 anticipated for a Roman scene depicting an artist gazing at a small fresco. The artist is a self portrait of Alma Tadema, who often wished he could transform himself back to classical times. For good measure - in-law into the canvas, too. Dante Gabriel Rossetti is represented by three lots, including a

Saleroom/Antony Thorncroft When stars become sellers. Pop stars and film stars have long been good customers of the salerooms. One recent week saw Joan Collins, Mick Jagger and Bob Geldof browsing around Sotheby's, and Elton John hopes to raise a quick £3m in September by selling off some of his collection at Sotheby's. Tomorrow the French actor Alain Delon, another frequent buyer at auction, will appear as a seller. Sotheby's is offering for him a dramatic oil by Eugene Delacroix, An Arab horseman at the gallop, in its sale of 19th century European paintings, and expects to raise at least £500,000 from it. Delon bought the work in the same rooms for £49,000 in 1971. Demand for the paintings of Alma-Tadema is becalmed at the moment - not as quiescent as it was in the early 1980s, when works by this Victorian master of the classical pose could be bought for under £100. But his prices have not returned to the six-figure peaks of the early 1980s. Four paintings are on offer in this sale, with a top price of up to £90,000 anticipated for a Roman scene depicting an artist gazing at a small fresco. The artist is a self portrait of Alma Tadema, who often wished he could transform himself back to classical times. For good measure - in-law into the canvas, too. Dante Gabriel Rossetti is represented by three lots, including a very attractive portrait of Mrs Charles Augustus Howell, the wife of Ruskin's secretary. It carries a £35,000 top forecast. There seems to be some caution in the estimates of all the Victorian paintings. Referring to show his, Christie's East in New York tomorrow has a collectibles auction which includes the ruby slippers worn by Judy Garland in "The Wizard of Oz." They should make \$20,000. Miss Garland was obviously hard on her footwear: two other pairs of slippers from the same movie have already been sold at auction - for \$13,200 and \$15,000. All are genuine. In the same sale 96 photographs taken of Marilyn Monroe in 1945 when she was just Norma Jean Dougherty will be offered, with copyrights, in lots ranging from two to nine images and with estimates rising to \$5,000 for a lot. Would you like a nude model of the Prince Regent in beeswax? It is not quite as horrific as it sounds because the outsize monarch was only a few days old when he was captured to the life by the artist Mr Joachim Smith on the orders of his dotting mother, Queen Charlotte. This curiosity, with the prince, minus one arm, lying on a contemporary late 18th century couch, appears at a Sotheby's silver sale today and is expected to sell for \$3,500.

FINANCIAL TIMES

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Monday June 20 1988

Towards a better EMS

PROGRESS towards the goal of a unified Europe requires both valour and discretion. In endorsing the principle of the 1992 programme for the completion of the internal market, the Community has shown great valour. Equally valourous was the decision last week to remove controls on the free flow of capital. Should valour, or its better part, now be shown in the development of the European Monetary System?

The timetable agreed requires all member states to lift curbs on capital flows by July 1, 1990, except for the poorest countries, which can delay action until 1992 (and in the case of Greece and Portugal possibly until 1995). For Italy, with its runaway public debt, and France, with its deeply entrenched dirigisme, the change represents a leap in the dark. The case of France is perhaps the more remarkable, since its left-of-centre government has thus followed the antipodean road to socialism.

Critics have argued that fixed exchange rates within the EMS only survive because of exchange controls in the weaker-currency countries. Better, they argued, have capital market liberalisation like the UK, than membership of the EMS, like France. Now the objection is turned on its head. Can the EMS survive as a system of fixed, but adjustable, exchange rates in the absence of exchange controls?

A spoke in the Rover wheel

THE TERMS under which British government assets are sold to the British private sector might be thought a matter of legitimate interest only to the British people. Yet a dispute between Brussels and London over the sale of Rover Group to British Aerospace has now reached a level which requires the personal intervention of the Prime Minister. Mr Peter Sutherland, the Commissioner in charge of competition policy, is reportedly arguing that the ERM contribution which indicates the sale is far too generous. The Commission is thought to be urging that the taxpayers' support should be cut back by £250 million or more, a move which if implemented could even result in British Aerospace dropping its takeover offer and three Rover's future in doubt.

Yet Mr Sutherland has a clear right to query the terms of the deal. In the run up to 1992, the Commission is waging a war against barriers to competition of all descriptions. State aid for selling companies is a particularly insidious form of protection and one that will have to be brought under closer control if a unified internal market is to become a reality. Moreover, Brussels is not picking on Britain. In the past year, it has stepped up such actions significantly, with France, Belgium and the Netherlands being among the most persistent offenders.

Highly disturbing. The danger for the EMS is that interest rate instability will increase. If, for example, a substantial devaluation of the French franc was thought inevitable, short term rates of interest would rise to still higher levels than before liberalisation, as domestic residents added their contribution to the outflow. Short term rates of interest would, over time, develop a sawtooth pattern that would prove highly disturbing to the smooth functioning of financial markets. Either the EMS as currently operated or freedom of capital movement would be in peril.

A touch of Touche Ross

Martin Scicluna takes over as chairman of the London Society of Chartered Accountants today in the hope that he can help to restore unity in the profession.

Scicluna, born in Malta, is a high-flyer by any standards. Now 37, he graduated from Leeds University in 1973, joined Touche Ross and was a partner by 1982.

Scicluna is particularly associated with the London Society for a decade. In accountants' fashion, he says that that means giving 500,000 hours' work a year. The office of chairman is held only for 12 months.

During his stewardship Scicluna wants to bring the profession together, the big eight and the smaller practitioners, the English, the Welsh and the Scots and, not least, those accountants who work directly in industry.

Gorbachev's search for the rule of law

A.H. Hermann considers Moscow's plans to revolutionise the legal and judicial system in the Soviet Union

ONE OF THE most important "theses" to be discussed at the epoch-making All Union Party Conference convened by Mr Mikhail Gorbachev for June 28 - and certainly one crucial to his success - calls for completing the development of communist legality. In plain English, this is a call to perfect the rule of law in the Soviet Union. In Moscow it provoked bitter comment from Soviet lawyers along the lines of: "You cannot complete or perfect a work that was never even begun."

The Party Conference will see a contest between those who wish things to remain as they are and those who argue that the Party must concede some of its power to the rule of law. Those for change say the Party has to do so if it is not to lose all its power in the decay resulting from the social and economic stagnation for which the Brezhnev period is now being blamed.

The parallel with the French revolution is almost irresistible. The storming of the Bastille on July 14, 1789, was triggered off by the *lettres de cachet*, the secret arrest warrants by which the despotic regime confined political opponents to prison. Concern over people still confined to prison camps and penal colonies is becoming the leading issue of the present Soviet de-Stalinisation campaign. In pre-revolutionary France, the State was identified with its ruler and his word was the law. "L'Etat c'est moi" said Louis XIV and Stalin adorned his courts with posters and banners proclaiming: "Law is what is good for the Party!"

But will the parallel continue? Among the beneficial effects of the French Revolution, which have survived to this day, were the codification of civil and criminal law, the equality of citizens before the law and the independence of the judges. Radical legal reform was necessary to enable the rising bourgeoisie to replace the feudal command economy with a pluralistic, creative market economy. Compared with this, the terror, and the conquest of Europe, proved to be only transient accidents of history. The enlightened monarchs of central Europe achieved as much and more by peaceful means.

Minor symptom of the fundamental problem. If the rule of law existed in the Soviet Union the endemic anti-Semitism could not result in a degree of discrimination and oppression which makes people wish to leave their homeland. The same probably applies to Armenians and the Volga Germans who emigrate in much greater numbers than the Jews. The reasons given for refusing exit visas are mostly preposterous. The real reason is fear of large scale emigration, not only of oppressed minorities but also of Russians.

Emigration can be seen as a safety valve sought by people who feel insecure because there is no recourse against administrative decisions, including imprisonment. The fact that verdicts and sentences are dictated to courts by local Party bosses is now publicly acknowledged and remedial measures are discussed with an intensity unheard of since 1917.

Mr Gorbachev will ask the Party Conference to recommend a separation of government functions: Instead of unanimously rubber-stamping bills introduced by its Presidium, the Supreme Soviet should become a real legislature.

● The Party should concentrate on long-term perspectives and guidance, and leave the day-to-day running of the country to the government.

● Party officials should be prohibited from interfering with the work of the courts on pain of being expelled from the party.

● Independence of the courts should be enhanced by giving judges secure tenure for life. Enacting such new laws would be a great achievement; enforcing them an even greater task. The Soviet reformers may succeed in their desire for a Habeas Corpus Act, but the Soviet legal scene is likely to remain dominated for some time by the ubiquitous *troika*, consisting of the local or district party secretary, the KGB chief and the prosecutor, forming the nucleus of the local power network. *Perestroika* cannot win unless absolute power is wrenched out of their hands.

This is not to suggest that nothing can be done without such a decisive victory. The number of criminal prosecutions has already been reduced by some 30 per cent and the length of prison sentences has been shortened. There is now emphasis on crime prevention, of which the drive against alcoholism is part. As a result, Moscow advocates have to look increasingly for civil cases to make a living.

Human rights and criminal law are only one side of the coin. Its other side is to learn that freedom is not a transition from a command economy to what is now termed in the Soviet Union a management economy. Here, too, leg-

islation will be easier than a change in the practice.

The civil codes of the Soviet republics have been rewritten twice in the past to eradicate all provisions for private enterprise; now there is a need for a new enterprise law. A beginning has been made by authorising private enterprise where only members of the family are employed. Co-operatives were given greater scope and freedom of price formation, though they will still be largely dependent on supplies of materials from state enterprises.

The next item on the agenda is corporation law. The last vestiges of company law which provided for joint stock companies were abolished in 1962. The relations between business partners and the claims of their creditors are in a legal limbo. Absurdly, Soviet co-operatives and any individual enterprise now started will be far freer from regulation and mandatory constraints of the law than similar enterprises in the west.

Soviet lawyers realise that a revival of enterprise will require protection of intellectual property. Bills introduced by its Presidium, the Supreme Soviet should become a real legislature.

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micro-economic sphere of foreign trade will be more difficult to achieve. The monopoly of foreign trade, until recently vested in the 25 trading organisations of the Ministry of Foreign Trade, has already been breached by extending the right to trade overseas to certain industrial state enterprises. Some three weeks ago, this access to foreign trade and foreign currency operations, including joint ventures, was extended to co-operatives.

Some 50 joint ventures between western and Soviet enterprises are already agreed and another 100 are being considered under a law passed last year. One major obstacle - the impossibility of transferring profits out of the Soviet Union except by means of hard currency proceeds generated by the venture - has been overcome recently by seven US firms who pooled the hard currency proceeds of their joint ventures. (The problems of detail which remain unresolved are too many to list within the space of this article.)

There are, however, some major problems on which the practical application of the new Soviet business law in the field of foreign economic relations will largely depend. The first of these is presented by the general rule that foreign law may be applied by Soviet courts and arbitrators only in so far as it does not contradict fundamental principles of Soviet law. As disputes over joint ventures and other forms of co-operation may lead to arbitration in the Soviet Union, there will be a need for a better definition of the applicable law.

The second problem is of a practical nature: however limiting the monopoly of foreign trade was in its effort, at least one could rely on the expertise of the 25 state trading organisations and of their employees. The new Soviet entrants to foreign trade will need a long learning period.

The third problem is the lack of any provisions in Soviet law for floating or other charges on the property and business of debtors, and of any insolvency rules for the protection of creditors. Soviet lawyers seem to think that this is a non-problem, or one which the foreign creditor can solve by taking out insurance in the west. They do not seem to realise that the cost of it may greatly reduce the competitiveness of the joint venture or the price of the western supplies.

Finally, there is the disparity between Soviet domestic prices and world market prices; a disparity which differs from one commodity or product to another. The Soviet state trading organisations can overcome this by denting their losses to the state budget, although they are required to apply to the rate of exchange different coefficients, according to the category of goods imported or exported. If a great number of other state enterprises and co-operatives is to be allowed to trade abroad, these secret exchange rate coefficients would have to be transformed into a publicly-operated multiple rate of exchange, on the model of that which Germany operated in the 1930s, possibly combined with sections of foreign exchange required by the private and co-operative sector.

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Equal shares

Lord King's letter inviting shareholders to the annual general meeting of British Airways, consisting of the local or district party secretary, the KGB chief and the prosecutor, forming the nucleus of the local power network. *Perestroika* cannot win unless absolute power is wrenched out of their hands.

Some readers are asking whether first class shareholders are allowed to check in later by a different entrance.

Elliott's new role. Mark Elliott, who took up his post yesterday as British Ambassador to Tel Aviv, has a background in the Falls and Shankill Roads of Belfast. He was recently an Assistant Under-Secretary in the Northern Ireland Office, though he is a Japan expert.

Elliott replaces Bill Squire, an Oxford man who has retired to raise funds for Cambridge University.

Ambassadors to Tel Aviv are not meant to stray across the invisible green line separating Israel proper from the Palestinian territories captured in 1967. A newcomer can be forgiven, however, for not instantly spotting the difference between an Israeli kibbutz and an Arab village. He also has to learn that tension among Western colleagues and Jews can be as marked as that between Jews and Arabs.

The new Ambassador's intellectual reputation (a King's Scholar at Eton before winning a scholarship to New College, Oxford) has prompted meetings among Western colleagues, on the lines of "He's young (49) and frightfully bright, you know." In the Irish experience should come in handy.

OBSERVER

... And Sammy the Summit said everything in the garden's lovely.

Frame in the picture. William Lee, the 16th century Nottingham curate, has had an indifferent press over the years. He could never really find the backers for the stocking frame he invented in 1589. He twice sought royal patronage, first from Queen Elizabeth I and then from the French King, Henry IV of Navarre, but no-one wanted to know.

The problem was that the stocking frame put hand-knitters out of business and at a time when restrictive practices had the upper hand Lee was left to die in poverty. His invention finally came into its own during the Industrial Revolution when Ray's Flying Shuttle, Hargreaves's Spinning Jenny and Cartwright's loom grabbed the headlines.

In our schoolbook list of inventions which kicks off with the brick (4,000-3,000 BC), followed by the wheel (c.3,000 BC), Lee's stocking frame is the 16th earliest, just beating microscopes, thermometers, telescopes and logarithms.

... And Sammy the Summit said everything in the garden's lovely.

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INTERNATIONAL BUSINESS Machines, the world's largest computer maker, will tomorrow announce a new mid-sized computer family which could be the company's most important launch in a decade.

Indeed, it may well be the most significant new range from any manufacturer since 1964, when IBM set the pattern for the future development of the entire computer business with the launch of a family of mainframes called System/360, the design of which rapidly became an unchallenged industry standard. Tomorrow, IBM will try to repeat history, this time with a medium-sized range of computers it has been developing over the past two years under the code name "Silverlake", a reference to a park in the city of Rochester, Minnesota, where it was designed.

IBM is the dominant manufacturer in the computer business but that dominance, virtually unparalleled by any company in any industry, is today seriously threatened by competitors in each of IBM's principal product areas, mainframe, mid-range and personal computers. To meet that threat, and to respond to a slide in profits which started in 1985 and is only now showing signs of reversal, the company is in the throes of massive organisational change. Some 21,000 of its staff have been transferred from administrative duties to line positions (typically sales jobs) in the past two years, and its workforce has been slimmed down by 16,000 to 385,000.

Silverlake is part of this process of competitive response. It is intended as a devastating salvo to open IBM's contest of which in the important market for mid-range machines. Its development and launch must be the worst kept secret in the recent history of the computer industry. IBM is notoriously economical with information about its upcoming product launches, but for Silverlake, a string of leaks and on-and-off-the-record briefings has ensured that there is little except fine detail about the machines that is not already known.

The reason? The most plausible explanation is that IBM has been quietly reassuring the market that it has been addressing itself decisively to criticisms of its mid-range strategy and, indeed, the suitability of its present range of computers for today's data processing requirements.

It is, without question, the most successful manufacturer of small to medium-sized computers with some 275,000 units installed worldwide. But its present offerings, called System/36 and System/38, are long in the tooth and are now too limited for many customers.

Users of the System/36 - IBM's best selling small computer with some 200,000 installed - complain that the machine is no longer powerful enough, that it has too little semiconductor memory and that there are limitations on the amount of magnetic disk storage. They have been looking for something better for a long time and making their frustration known with their cheque books.

IBM's share of the mid-range market has, in consequence, been slipping. Its share of worldwide mid-range computer shipments by US-based companies fell from 27.2 per cent in 1984 to 23.6 per cent in 1987. Each percentage point represents nearly \$300m in annual sales.

It has been losing sales principally to Digital Equipment Corporation (DEC) of the US. In the same period, DEC's share of mid-range shipments rose from 15.2 per cent to 18.9 per cent, according to International Data Corporation of Framingham, Massachusetts.

With Silverlake - the family will be known formally if less picturesquely as the AS/200 and AS/400 series - IBM is giving notice that it intends aggressively to regain and defend this middle ground.

Of course, to picture the mid-range battle as a two-horse race involving only IBM and DEC is an oversimplification. Other mainframe manufacturers like Unisys, NCR, Honeywell and ICL have legitimate claims on this market, as do minicomputer vendors like Hewlett Packard, Nixdorf and Wang and supermicrocomputer companies like Sun Microsystems and Apollo Computer.

But compared with IBM and DEC, their global influence is small, although some have established market niches either in particular geographic areas (Nixdorf in West Germany, for example) or industry sectors (NCR and Olivetti in financial services) or both (Wang, for instance, has a powerful presence in the UK legal business). Companies like Unisys are pinning their hopes on a worldwide move to common, or open, standards in the industry which, they believe, will improve their chances of competing with IBM.

Better performance in the mid-range sector is critically important to IBM. The market is growing at about 10 per cent a year worldwide, significantly faster than IBM's area of chief strength, mainframes, where growth is only 6 per cent. It should therefore be a potent source of revenue to a company like IBM which, until 1985 at least, had been accustomed to growing at 15 per cent or so a year.

It is also a significant market strategically, comprising first time users of computer systems, small businesses looking for systems that will keep pace with their growth, and large companies planning to decentralise their computer operations. According to IBM's own estimates, there are some 4.5m small companies around the world ready to take their first step into computing. In the US alone, 1m new companies start up each year needing computer hardware and software.

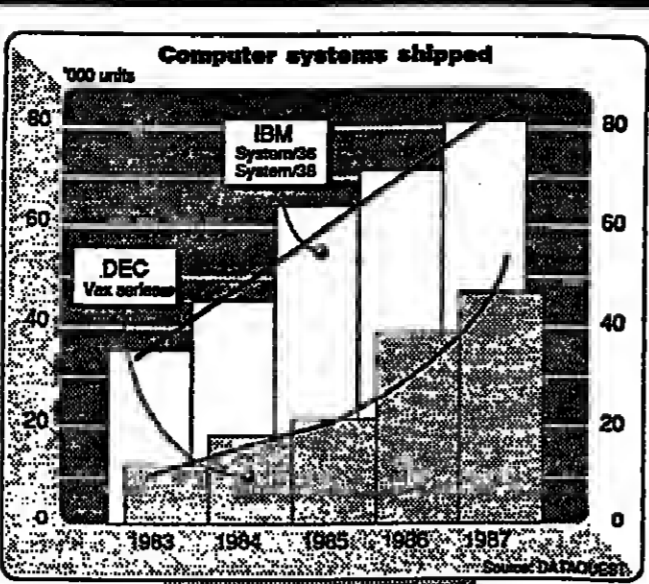
Why should IBM, with worldwide revenues in excess of \$55bn and a research and development budget of about \$5bn, find itself apparently out-paced and out-thought by smaller rivals? IBM's problem stems, in part, from the fact that it has already fought and won this battle once. Now, however, it must do so all over again.

The System/360 announcement in 1964 was a revelation: a single range of computers running common software. At a stroke, IBM rationalised its costs of design, production, engineering, maintenance and programming.

Furthermore, when a customer outgrew one member of the range (and customers always outgrow their computer power) the next model up could be installed. And as each system used the same software, the change had minimal effect on the customer. Above all, it protected the user's investment in applications software - the software the customer used to run the business.



Kenneth Olson, DEC Chairman



John Akers, IBM Chairman

IBM goes into battle to regain the middle ground

Alan Cane and Louise Kehoe on a watershed in the computer industry

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But compared with IBM and DEC, their global influence is small, although some have established market niches either in particular geographic areas (Nixdorf in West Germany, for example) or industry sectors (NCR and Olivetti in financial services) or both (Wang, for instance, has a powerful presence in the UK legal business). Companies like Unisys are pinning their hopes on a worldwide move to common, or open, standards in the industry which, they believe, will improve their chances of competing with IBM.

Better performance in the mid-range sector is critically important to IBM. The market is growing at about 10 per cent a year worldwide, significantly faster than IBM's area of chief strength, mainframes, where growth is only 6 per cent. It should therefore be a potent source of revenue to a company like IBM which, until 1985 at least, had been accustomed to growing at 15 per cent or so a year.

It is also a significant market strategically, comprising first time users of computer systems, small businesses looking for systems that will keep pace with their growth, and large companies planning to decentralise their computer operations. According to IBM's own estimates, there are some 4.5m small companies around the world ready to take their first step into computing. In the US alone, 1m new companies start up each year needing computer hardware and software.

Why should IBM, with worldwide revenues in excess of \$55bn and a research and development budget of about \$5bn, find itself apparently out-paced and out-thought by smaller rivals? IBM's problem stems, in part, from the fact that it has already fought and won this battle once. Now, however, it must do so all over again.

The System/360 announcement in 1964 was a revelation: a single range of computers running common software. At a stroke, IBM rationalised its costs of design, production, engineering, maintenance and programming.

Furthermore, when a customer outgrew one member of the range (and customers always outgrow their computer power) the next model up could be installed. And as each system used the same software, the change had minimal effect on the customer. Above all, it protected the user's investment in applications software - the software the customer used to run the business.

IBM had already begun to diverge from the System/360 ideal, building special machines to suit special customer requirements. By 1988, it had no less than eight separate designs of computer in service, all incompatible with one another, ranging from personal computers, through mid range machines to the very largest mainframes.

Such a proliferation is a customer's nightmare. For example, a small business using a System/36 for accounting, payrolls and so on, will need greater computing power as it grows. Where does it go after it has exhausted the top end of the System/36 range? To the System/38? That would mean converting every piece of applications software - with the prospect of having to do it all again in a few years when the power of the System/38 was exhausted. To a mainframe? Again, a rewrite would be necessary, plus the establishment of a data processing department to support the new system.

Meanwhile DEC users move from one Vax to the next most powerful, taking their software with them. IBM has already made two moves to solve its mid-range problems. First, it launched a small "midframe" designed to bring the benefits of mainframe computing to the departmental level. Second, it announced a new Systems Application Architecture (SAA), a collection of software interfaces, conventions and protocols designed eventually to allow all the disparate IBM computer designs to present a common face to users.

Mr Allen Baumgartner, an analyst with the marketing consultancy Datateq says that Silverlake and competitive machines from other manufacturers are the first shots in a battle to develop a new "mid-frame" departmental computer market. He says: "This market is just beginning to emerge, with a few large corporations installing departmental machines of this kind. It is a market that will evolve over the next 10 to 15 years."

The significance of Silverlake, however, goes well beyond the "battle for the mid-range." It will be the most compelling evidence yet of IBM's commitment to creating a line of computer systems - ranging in size from single user personal computers to mainframe personal computers to terminals simultaneously - that will all run the same software, look the same to a user and interconnect easily with one another.

DEC's Vax computer range already features these attributes; industry observers see this as the principal reason for the company's recent success.

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Lombard

Why nationality can matter

By Christopher Lorenz

THE NATIONALITY of companies is becoming increasingly irrelevant, according to Mr Kenneth Clarke, Britain's Industry Minister. To argue about the nationality of a company is "chauvinistic nonsense."

To investors and consumers, perhaps. But not necessarily to employees and society at large, and therefore not (one would hope) to governments. Mr Clarke's dictum may have been laid down in the heat of a parliamentary debate about the British Government's refusal to refer the bid for the Rowntree confectionery group by Nestlé of Switzerland to the Monopolies and Mergers Commission. But it reflects a growing body of opinion in the Government.

This line is inconsistent with the recent official objections to the Cadbury-Schweppes, and to the further foreign acquisitions of other famous brand-name companies which will probably follow.

The trouble with Mr Clarke's line is that it ignores one fundamental factor in multinational investment: the so-called "headquarters effect." Put simply, multinationals tend to locate the activities which create the greatest added value, and which give them the greatest competitive edge, as close as possible to their headquarters.

Such activities - notably research, design, development, product planning, leading-edge production and, of course, central decision-making of various kinds - require the greatest skill-intensity, and are the least prone to sudden cuts. They are therefore the most beneficial to local employees and to surrounding society, in terms of everything from retail spending power to the stimulation of higher education through the demand for graduate employees and research.

At the other extreme, "screw-driver plants" assembling foreign designs contribute little more than low-skill, low-paid jobs to

the local economy, and have a tendency to disappear like lightning, as the unfortunate Scottish city of Dundee has found several times with the "offshore" plants of US-owned electronics companies. The use of local materials and components increases the longevity and social value of a plant, but by no means to the level of all the activities clustered around the parent company's head office back home in the States - or, more often these days, in Japan.

As top US multinationals have developed multiple corporate centres around the world, there has been much jockeying across Europe for the privilege of hosting their regional headquarters. Ford, IBM and Procter & Gamble have been astute enough to spread skill-intensive activities across several countries in each region, making them admired "corporate citizens."

The latest trend is to give particular national subsidiaries the global responsibility for different product lines. But this practice is in its infancy, and the preponderant trend of companies confronting globalisation is still crudely to pull control (and often activities too) back to the centre.

European companies acquiring in America can seldom afford to make this mistake. The relative size of the US offshoot to the parent company and the very different character of the US market requires a high degree of skill intensity and decision-making to be concentrated locally. But for Swiss companies acquiring in near-by Britain, and for centralisation-mad US predators plunging into Europe, such constraints may not apply.

The quality of multinational investment varies from case to case, in other words. Rowntree's size and the discrete character of its product line give it some protection against having key activities transferred to Switzerland. But Cadbury could be another matter: in both chocolate and soft drinks, its products are less distinct from those of potential predators. Foreign ownership may matter far more to it than to Rowntree. As events will demonstrate, the nationality of a company may be irrelevant in one case but vital in another.

Aid funds used to help exports

From Mr Tony German. Sir, Adrian Hewitt has pointed out (FT June 14) that in 1986 Japanese aid was greater than UK aid - a percentage of gross national product (GNP). He might also have pointed out that, in the case of another important aid indicator (quoted by Ian Rodger, June 10), the proportion of aid which is tied, the UK's performance is worse than Japan's. In its 1987 report, the Organisation for Economic Co-operation and Development (OECD) notes the "relatively high proportion of British aid tied to procurement in Britain" and expressed its "concern at the increasing resort to the use of aid budget funds for export-related financing."

Other OECD qualitative indicators - aid to least developed countries, local cost financing, grant element of the Overseas Development Agency (ODA) - show Britain's aid to be generally better than Japan's, but surely, with an aid programme now in its fourth year, the size of Japan's in cash terms, we have little room to be critical.

How can the Government sustain the argument that the decline of British aid to 0.28 per cent of GNP is the wrong growth in the economy, when Japan is managing substantially to increase its aid, also against a background of economic growth? Tony German, Public Policy Unit, ActionAid, Elmlynn House, Archway, N19

If intended for publication, letters to the Editor should include, where possible, a daytime telephone number.

From Lord Vinson of Riddam Dene. Sir, I hope that it is not too late for the Ministry of Agriculture to have second thoughts: initial reading of its "set aside" proposals (FT, June 15) indicates that it has completely missed the opportunity for encouraging a more economically and environmentally acceptable use of land through extensification.

On the face of it, it would have been more sensible to have copied the French, and to have allowed the option of grazing fallow, say, half the normal compensation rate, coupled with strict limitations on any increase in stock numbers and heavy penalties for infringement.

Letters to the Editor

Oil and gas volumes are different

From Professor Alex Kemp. Sir, The Finance Bill has produced a debate about the fiscal regime applied to the North Sea southern gas fields, and in particular to the appropriate size of the volume allowance for Petroleum Revenue Tax (PRT). The Government amendment at Committee stage (June 15) to the original budget proposals reflects the problems of establishing an appropriate value in an environment of uncertain prices and field sizes.

Part of the problem reflects the fact that the volume allowance for PRT is an imperfect device originally designed with oil fields in mind. Applying the same device to gas fields is liable to produce additional problems because of differences in the operating circumstances between oil and gas projects.

Thus gas contracts with British Gas generally incorporate a large seasonal variation in the yearly output. PRT with the associated volume allowance is calculated half yearly. The allowance is not transferable between six-month periods. This produces a result under the post-budget situation whereby the tax take can be up to two percentage points higher over two six month periods than it is on a unit yearly basis.

This is arguably anomalous, and against the spirit of the 1975 Oil Taxation Act. A simple technical amendment could produce a more equitable system whereby the volume allowance could be spread over a 12-month period at the investor's discretion. This yearly limit would continue to be enforced to maintain the spirit of the 1975 Act.

Alex G. Kemp, Department of Economics, University of Aberdeen, Scotland

From Miss Saskia Spender. Sir, If Mark Girouard's view of the proposed Mansion House site development is from an ivory tower (Letters, June 8), mine is through the eyes of a student recently moved to London from Italy.

The building Mr Palumbo proposes is impressive, and harmonious in itself, but its scale is terrifying. It is pointless to replace something which is already beautiful with something inhuman and wholly out of place. I find Mr Palumbo's proposal as outdated as the Miles scheme.

Already Bolso House cuts the Cornhill view of St Paul's Cathedral, and clashes unfavourably with its environment. This new building would join it in ruining the City's special atmosphere. Saskia Spender, Windmill Hill House, Windmill Hill, NW3

Pollution and tree health

From Professor K. Mellanby. Sir, John Hunt's article (June 15) and his account of the report of the House of Commons Environmental Committee in which the Forestry Commission is criticised for not accepting "a link between air pollution and tree damage," is seriously misleading. This committee has investigated this subject, and is involved in studies of air pollution and acid rain. The Forestry Commission has the advantage of carrying out its own research and also of the advice of its staff, constantly observing trees throughout the country.

Most scientists knowledgeable in this field agree with the Forestry Commission: we still need to know much more about the normal situation in our woodlands, and about the effects of various factors, including pollution, on the health of our trees, before we can lay down the law about pollution and tree health. K. Mellanby, The Watt Committee on Energy, Snooty Hill House, Snooty Hill, WC2

From Mr L.G. Hunt. Sir, Today (June 14) I bought an orange water-ice. In the 1980s a Snooty cost a penny (240 ices to the tin) and was admittedly in more sophisticated packaging - cost me 33p (three ices to the tin) - an 80-fold increase.

Is this a record? L.G. Hunt, Bishops Hide, Beausale, Warwickshire

Environmentally the countryside would be kept tidy and in good order, cropped by animal teeth; Lower compensation payments could be made, so there would be less cost to the Exchequer; Overall, nitrogen pollution would be reduced, and some second return would continue to come from the land, rather than none; There are no knock-on effects.

How such a scheme could be dismissed by the Ministry as damaging to the interests of existing livestock producers is difficult to comprehend. If ministers are worried, then at least they should consider introducing it in the less favoured areas. I hope they will have second thoughts for the benefit of the environment, UK tax payers and, not least, British cows. Vinson, 34 Rymans Meus, SW7

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John Foord

Janet Bush on Wall Street Weaving a future for baskets

A SHOCK of the magnitude of the October crash might have been expected to throw the financial markets' gears of innovation...

The shock of the crash may have prompted talk of re-regulation, cutting back and getting back to basics...

Mr Leo Melamed, chairman of the Chicago Mercantile Exchange, which has been at the forefront of innovations in financial instruments...

The NYSE, according to Mr John Phelan, its chairman, is currently engaged in intensive discussions about the feasibility of setting up a specialist post on the floor to trade whole portfolios...

Mr Melamed gives a hint of current thinking. Discussions currently centre on a "certificate" system. A holder of a basket of stocks would be given a certificate entitling him to, at some stage, buy the individual stocks in that basket.

The question is whether that certificate should entitle the holder to "cash out" into those stocks at, say, intervals of three months or at any time. Thinking on these points is still at an early stage.

Mr Melamed believes the development of basket trading is inevitable. He also believes that individual investors will have to learn to live with more domination by professionals.

John Elliott in New Delhi reports on the implications of the Allahabad by-election result

Singh dents the Gandhi armour

MR RAJIV GANDEHI, India's prime minister, faces a harder task ensuring that his Congress (I) Party is returned to power in a general election due by the end of next year...

The by-election result, announced on Saturday at Allahabad in northern India, formally establishes Mr Singh as one of the country's most significant opposition leaders...

In India's 40 years of independence, opposition leaders have failed to challenge the national appeal of the Gandhi family and Congress Party.

It is too early to predict defeat next year for Mr Gandhi. He has been showing increasing signs of confidence and authority recently...

Despite a continuing series of by-election defeats, there has been scarcely a dent in the massive 75-25 Lok Sabha (lower house) majority with which Mr Gandhi was swept to power in 1984...

In the next few weeks the course of a far more significant factor which will influence next year's election will emerge. This is the south-west monsoon which



Going places: Singh rides pillion on the campaign trail

carries the promise of good rains, rich harvests, fast economic growth, and a more contented electorate.

Mr Morita also attacked recent European anti-dumping action against Japanese "screwdriver" plants...

of what is called India's Hindi heartland and the base of Congress (I) political power. Mr Gandhi cannot afford to do badly here in a general election.

Mr Singh also has strong links in the area. He comes from a minor former ruling family of the Rajput caste...

bly contests, also show that India's splintered and fractious opposition can do well when it unites to fight Congress (I).

Mr Singh resigned as defence minister just over a year ago. He emerged as an opposition leader, founding the Jan Morcha (People's Front) which other opposition leaders see as possibly their best path to power.

He has spoken continuously around the country against Congress, has taken over Mr Gandhi's 'Mr Clean' image, and has advocated economic policies directed towards agricultural development and people in rural areas...

His success in a general election may well depend on how successful he has been in persuading the great mass of India's 800m people who live in rural villages that allegations of corruption can indeed start.

The Allahabad seat became vacant when Mr Amitabh Bachchan, a famous film star and one of Mr Gandhi's closest friends, resigned last year.

That risk was sidestepped when Congress (I) put up Mr Sunil Shastri, son of a former prime minister. His defeat was far less serious; he won only 93,000 votes.

Sony in European TV drive

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

SONY, the Japanese consumer electronics group, expects to be able to supply virtually all of its European television sales from production plants in the region early next year.

The company is aiming to achieve European self-sufficiency in colour televisions as part of its strategy of increasing production and overseas research to match the strength of its foreign sales.

Sony's turnover outside Japan is running at about 70 per cent of total sales. Mr Akio Morita, Sony's chairman, said on a visit to the UK at the weekend that he believes the company should now respond to its strong multinational character by placing more emphasis on local activities and management.

Mr Morita, who was in Britain to celebrate the 15th anniversary of Sony's manufacturing plant at Bridgend in South Wales, said

the European television operations had achieved a level of about 80 per cent local content.

This had been achieved, he added, through a long-term process of expanding the company's own production facilities in the region and working closely with suppliers to develop components of the right quality.

Mr Morita also attacked recent European anti-dumping action against Japanese "screwdriver" plants...

Sony, one of the earliest Japanese investors in overseas production facilities, has eight man-

ufacturing plants in Europe making a variety of audio and video products.

Bridgend, where Sony has invested a total of £55m (\$115m), is the largest, employing 1,200 of the group's 3,500 European workers, and specialising in televisions and television tubes.

Output at Bridgend will rise this year when a £30m extension to the present factory comes on line. This will push up its European capacity, including other facilities in West Germany and Spain, to almost 1m - the number of its sales in the region.

Further investment in European television production is also under consideration.

Bonn bans S African scientists

BY DAVID MARSH IN BONN

SIX South African research scientists have been banned from an international explosives conference in West Germany at the end of this month after pressure from the Bonn Government.

The Government decision, reflecting increasingly strained relations between Bonn and Pretoria, comes as West Germany and other European Community states are considering the possibility of imposing sanctions against South Africa in the event of a further crackdown against anti-apartheid protesters there.

A spokesman for the fuels and explosive materials section of the Fraunhofer Research Institute at Karlsruhe, south west Germany, said invitations had been withdrawn for the six South Africans scheduled to attend the institute's annual conference.

The Foreign Ministry in Bonn confirmed this had been done at

the behest of the Government. The Defence Ministry, which finances about half of the institute's budget, had asked the Foreign Ministry for a recommendation on the invitation and it was decided the offer should not go forward, the ministry said.

It gave a strong hint that Bonn would consider further sanctions if South Africa tightened the campaign against dissidents or if the so-called "Sharpeville Six" - who have been found guilty by South African courts of complicity in the murder of a black mayor during the Sharpeville riots - were exonerated. This would "automatically" have consequences both for Bonn and the rest of the Community.

Two of the six South Africans due to attend the conference were for the research arm of Sonchem, a private company producing explosives for the min-

ing and defence industries. They had been scheduled to give a presentation, on the fringes of the meeting, concerning the company's products. The other four were due to attend as observers.

The South African embassy is investigating whether it has any legal means of fighting the West German decision, on the grounds that it infringes free international circulation of scientists. "They cannot just turn away bona fide scientists," one South African diplomat said.

According to the Fraunhofer institute, the conference - the most important of its kind on the international scientific circuit - has been attended before by representatives from South Africa, China and the Soviet bloc.

This was the first time political factors had prompted the banning of particular country, the institute said.

UN may withhold up to \$2bn in Afghan aid

Continued from Page 1

and the governments of Iran and Pakistan.

Estimates for the amount of aid needed vary but are generally about \$1.5bn over three years plus \$500m to ease the return of the refugees from Pakistan and Iran. Some estimates go as high as \$3bn. Japan, Australia and the EEC are already offering support.

Mr Haq's argument, supported by Sweden among other countries, is that the aid cash should not be paid to the Soviets' puppet regime and should be held, perhaps in escrow, until the Afghan people have determined their political leadership. The ability of the existing regime to distribute such large amounts of cash would have helped it gain rural support and to claim its programme of "national reconciliation" was working and supported by the international community.

However, the UN may go as far in supporting Mr Haq and the field commanders as arranging a formal meeting with Mr Perez de Cuellar. Mr Haq made a condition of his visit that he should not meet Mr Diego Cordovez, the UN negotiator who negotiated the Soviet withdrawal accord signed in Geneva in April. The negotiations were between Pakistan and President Najibullah's government with the US and the Soviet Union as guarantors.

Mr Cordovez, whose relationship with Mr Perez de Cuellar deteriorated during the Geneva negotiations, is leaving the UN to return to Ecuador as foreign minister although he is expected to make one further visit to Pakistan and Afghanistan shortly.

Extremists linked to Ozal murder bid

Continued from Page 1

to kill Mr Deming as he was being carried to an ambulance, but the gunman was overpowered by security guards. This has not been confirmed by the authorities.

The shooting comes at an unsettled time for Turkey, when most of the population are suffering the effects of soaring infla-

tion, and trades union and political opposition militancy is growing. There have also been some small bomb attacks by extreme left-wing groups during the past two months.

President Evren stoked fears last spring of another military intervention when he said martial law would be restored if con-

ditions warranted it. Few observers believe the military are preparing to step in again, but most agree the Government must bring about a visible improvement in living standards by the autumn if it is to avoid serious unrest and perhaps a rash of isolated outbreaks of violence.

Summit takes upbeat view

Continued from Page 1

reinforced by Japan's announcement of a \$1bn aid package for 17 of the least-developed nations. EC officials said that the aid would cover those countries' debt servicing payments to the Tokyo Government over the next five years.

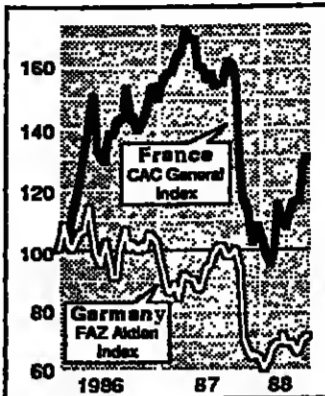
The Bonn Government said it was also planning increased assistance and was considering write-offs involving DM2.2bn (\$1.25bn) owed to West Germany by 13 of the poorest nations.

Africa, voiced optimism that the various plans could now be merged into one joint initiative. On a less encouraging note, significant differences on agricultural matters emerged between the North American contingent who are seeking substantive progress on subsidies and the EC which feels detailed discussions on the issue should be confined to the Uruguay round of the General Agreement on Tariffs and Trade (GATT) talks.

EC officials also expressed displeasure with the recent US decision to reduce its cereals set-aside programme

THE LEX COLUMN

A call for brand new accounts



One of the prickliest issues raised by the Rowntree affair is how to account for brand names in a company's books. The prices being offered for Rowntree seem to imply that Kit Kat, Smarties and the rest are worth three times the group's tangible assets, and yet they find no place in the balance sheet at all.

It can be argued that a balance sheet is there not to show value, but to record the effect of transactions. Certainly, if the market got Rowntree's value wrong, it was not because it did not know the brands existed, but because it underestimated the earnings stream which they could produce.

Though few big-brand companies would disagree with that, the problem is one of establishing values in practice. Reckitt & Colman and Reed International both put brands on their balance sheets (publishing titles, in Reed's case), but only for brands which have been acquired and thus had a value put on them at the time.

There has even been a faint glimmer of hostile activity in West Germany, of all places, where Feldmuhle Nobel, the industrial conglomerate, has come under the predatory spotlight. Some wealthy members of the Flick family went as far as suggesting a price of DM350 per share - valuing the group on a prospective multiple of 15 times earnings, or around \$1.4bn - but quickly dropped the idea after the shares began to rise.

Feldmuhle Nobel could be an interesting test of the takeover temperature in West Germany. Unlike many German companies, it does not have a strong and protective shareholder base and has yet to win approval to limit voting rights. It does have a powerful friend in Deutsche Bank, whose opposition to hostile bids may explain the surprising speed with which the Flick proposal fig-

ured out. Nevertheless, West Germany's ability to insulate its companies will come under increasing pressure with the approach of 1992, and a more serious bid approach for Feldmuhle could help break the local antipathy towards hostile corporate activity. It would also be a wonderful tonic for a local stock market which has performed miserably compared with most of its Continental rivals.

IDBs

Inter-dealer brokers, the old stock exchange hands used to say, would never get anywhere. Yet the four IDBs are steadily increasing their share of a shrinking market and may now make up over a third of it.

European takeovers

It is going to be another busy week on the European takeover front. Mr Carlo De Benedetti is unlikely to let tomorrow's annual meeting of Societe Generale de Belgique pass without making hostile noises, and Compagnie du Midi's meeting the next day may shed light on its increasingly complicated bid to escape from Italy's biggest insurer company.

Indeed, the Stock Exchange has created a special place for intermediaries by insisting that a market maker asking for a price through SEAQ must himself display a price in a similar or larger volume. In the early days of Big Bang, even the Finest firms put huge volumes against their prices, but the crash changed that; and now anyone wanting to make a big trade calls either two dozen market makers or one IDB instead.

While IDBs probably make the market more efficient, and avoid erratic moves in prices as everyone second-guesses what is going on, they also reduce its transparency - something the agency brokers, which have no access to IDBs, are keen to point out. However, the real problem is probably the natural inequalities that exist between market participants.

The trouble with SEAQ is that it shows what the price is, but not who is really prepared to deal - suggesting the Finest could eventually become irrelevant, providing only a benchmark price for small deals. The bigger trades would be conducted outside, in a market in which the terms offered to one caller may be quite different from those offered to another.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Monday June 20 1988

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INTERNATIONAL BONDS

Suffering an overdose of euphoria and gloom

A WEEK may be a long time in politics but it can seem interminable in the Eurobond market, as many syndicate managers and dealers discovered to their cost last week.

The market which started the week if not with a bang, then on a decidedly upbeat note, ended with a whimper as prices in most sectors shed gains posted in the earlier part of the week. Several traders left for the weekend rueing substantial losses and few were optimistic that the meeting of the Group of Seven industrialised nations in Toronto would come up with a stirring communique to give the market some clearer direction.

However, it was not their first experience of the roller coaster market, largely propelled, as usual, by US trade statistics, and by Friday night there was a discernible feeling that both the euphoria and the gloom had been somewhat overdone. Many even voiced the hope that with a rise

in rates now already discounted by the West German, Japanese and, to a lesser extent, UK markets, this week could see a limited technical improvement in prices.

This time last week, several voices were proclaiming the renaissance of the Eurodollar bond sector as the strength of a US Treasury bond rally lured back a clutch of prestigious borrowers. The success of two 10-year dollar straight launches on Monday - Belgium via Credit Suisse First Boston and SNCF via Banque Paribas Capital Markets - seemed to vindicate these prophecies.

On Tuesday, the markets advanced further when the US seasonally adjusted trade deficit for April came in below \$10bn and well below expectations. A host of US corporate issuers leapt on to the borrowing bandwagon and the Canadian dollar sector also saw a crop of new issues.

Then on Thursday, the market was hit repeatedly by a battering

ram of economic news and data which re-ignited fears of growing inflationary pressures and rising global interest rates. "The market was torpedoed and there was hardly any time to man the lifeboats," said one syndicate manager at a leading European house. The reversal was swift and several dealers were left with plenty of expensive-looking paper on their books.

By the time the tide turned, the week's first deals had been more or less fully placed and were barely affected. The Belgium deal held up steadily. Two of Credit Suisse First Boston's other dollar deals also performed decently given the poor tone of the market. However, the issues for Coca-Cola subsidiary Coke Enterprises and Campbell Soup, were for borrowers which traditionally sell on any terms to investors who are more concerned with adding the names to their portfolios than on the relative merits of price.

Less retail-oriented names

which tapped the sector on euphoria in the wake of the trade data fared decidedly worse. These had been largely snapped up by professionals buying on short-term spread-oriented basis and looking to turn the paper around swiftly.

A \$100m three-year deal at 8 1/2 per cent and 101.05 for Hartford Finance, a vehicle for Aetna Casualty & Surety which guaranteed the deal through Samuel Montagu, was hard hit. It saw reasonable demand following its early launch but when the US Treasury market opened sharply lower, the deal fell to trade well outside its fees.

A similar fate was met by a five-year bond at 9 per cent and 100 1/4 for Scandinavianiska Enskilda Banken via Credit Suisse First Boston which was bid around its 1 1/2 fees before the New York market slump and fell to a discount of 2%.

The Canadian dollar market, which saw an unusually high amount of C\$885m in new paper

Delamuraz enters row over Swiss share law

By John Wicks in Zurich

MR JEAN-PASCAL Delamuraz, Switzerland's Minister for Economic Affairs, has added his voice to the swelling criticism of limitations by Swiss companies on the ownership of their registered shares.

In the past few months an increasing number of companies have amended their articles of association in respect of share registration, in most cases to ward off unfriendly takeover attempts. The measures have come under fire from abroad, not least in connection with Swiss moves to acquire foreign companies. In Switzerland itself, some of the transactions have been attacked as arbitrary and contrary to the principles of free stock market trading.

Addressing the Association of Foreign Banks in Switzerland in Bern, Mr Delamuraz said that "the recent introduction of restrictions on the negotiability of certain listed equities, particularly registered shares, was not of a nature to project a favourable image of Switzerland as a financial centre."

He added that the idea of reciprocity was an important one.

Further criticism came from Mr Jean-Pierre Cuoni, head of Citibank's Swiss operation and the association's chairman. He expressed concern at the "insulation of Swiss joint-stock companies, the fact that in some cases management had set itself up in the role of a proprietor and the simultaneous depriving of shareholders of their powers."

"Nobody should be surprised if foreign investors, who in good times have accounted for some 60 per cent of trading volume on Swiss stock markets, become less interested in Swiss shares. The doldrums of the past months on Swiss markets could be a pointer."

Still in Italy, ItaB bank is syndicating an Ecu\$5m credit for Federagrario. It is in three parts, a four-year credit with 18 months grace with margins of 12 1/2 basis points for two years and 18 1/2 basis points for the remainder; a two-year bullet with a 12 1/2 margin and a one-year bullet with the same margin.

A financing for Spie-Batignolles being arranged by Société Générale was raised to \$200m from \$150m.

In the Eurocommercial paper market, Top Danmark, the Danish financial services company, has established a \$150m ECP programme arranged by Merrill Lynch International, with Swiss Bank Corporation International also acting as dealers.

Bankers Trust International, Indosuez, the Mitsubishi Bank and Santo Spirito have been mandated to raise a FF600m (\$102m) five-year term loan for Alitalia, the Italian national airline. The loan carries margins of 15 basis points for the first three years, rising to 17 1/2 basis points for the last two. Front end fees range down from 12 basis points

Dutch financial markets to get new watchdog

BY LAURA RAUN IN AMSTERDAM

SUPERVISION over Dutch financial markets will be shifted to an independent body with wide powers of self regulation and away from the Finance Ministry under a new bill.

The body, made up of representatives from the financial industry, will work in a similar manner to the UK's Securities and Investments Board and the US Securities and Exchange Commission. It will govern the Amsterdam Stock Exchange, European Options Exchange, Amsterdam financial futures market as well as off-bourse dealings.

The bill, agreed by the Cabinet late on Friday, will replace the outdated "bourse law" of 1914 and an emergency law passed in 1985 to root out dubious share-pushing firms in Amsterdam.

In the past, regulation was shared between the Finance Ministry and the financial industry but now the self-regulatory powers will be widened and legally embedded, guarding against changes in political winds in future governments.

Disclosure rules for securities, a permit system for financial professionals and information-exchange with foreign authorities are also covered in the bill. The Dutch generally are willing to provide information in an attempt to combat international securities fraud but that responsibility is underscored in the bill.

This is in sharp contrast to some other European countries which have frustrated US efforts to trace cross-border insider trading by withholding information.

A separate bill to outlaw insider trading in the Netherlands is currently pending in parliament. MPs are seeking to put more teeth in it by making insider trading a crime regardless of whether profits are made.

Ankara mandate soon

BY JIM BODGENER IN ANKARA

ANKARA will decide by the end of June whether to award a mandate to one of nine bank groups bidding for a scheme to convert \$1.5bn of US foreign military sales debt into long-term bonds, say senior Turkish officials.

Turkey is one of several favoured military debtors selected for the novel interest relief scheme by the US. The Israeli Government has already decided in principle to convert some \$5bn of converted military debt into bonds, and a mandate is imminent for another scheme for Tunisian debts.

Of the nine consortiums bidding for the Turkish debt, one is formed from Bankers Trust, Lazard Frères and Salomon Brothers, and others are led by Citicorp, Merrill Lynch, Drexel

Burnham Lambert and Shearson LeBmann. Turkey's total military debt to the US totals \$2bn and most is at interest rates of between 14 and 18 per cent.

EUROMARKET TURNOVER (\$m)

Primary Market		Secondary Market	
US\$	FRF	US\$	FRF
1,555.0	0.0	1,555.0	0.0
98.7	0.0	98.7	0.0
4,563.6	1.1	4,563.6	1.1
2,379.4	212.2	2,379.4	212.2

US\$		Euroclear		Total
Debit	Credit	Debit	Credit	
14,417.5	1,373.8	4,967.1	4,724.7	
12,454.1	1,133.9	4,668.8	4,626.3	
20,879.1	1,062.2	4,454.4	23,628.1	
16,537.2	1,428.0	2,847.6	19,895.8	

Week to June 16, 1988 Source: AIBD

EUROCREDITS

UK home loans market begins to meet resistance

THE RAPIDLY expanding market in UK home loans is attracting many bankers in the syndicated loans market, yet financiers to support mortgage lenders are meeting resistance.

For most would-be mortgage lenders it is cheaper and quicker to visit the syndicated loans market than fund themselves through the alternative of securitising mortgages. But it seems that despite the appeal of such business to many bankers, bank credit committees are often hard to persuade to expand in-house limits on such financings.

There is thus a perception that the market might be overcooked with these facilities; after all, there is a relatively limited group of interested banks. This is despite the wide variations in their structure, their undoubted credit quality - loan loss expect-

ence on British mortgages has been negligible, although it is increasing - and the rich returns compared with equivalent quality corporate lending.

Higher returns have been needed to tempt in banks, and if they move still higher then securitised financings may begin to look more attractive.

County NatWest has been mandated for the latest of such financings by Equity & Law Home Loans. The £150m, seven-year facility is fully underwritten by National Westminster Bank, Société Générale and the Sumitomo Bank.

It carries a margin of 35 basis points over London interbank offered rates and a commitment fee of 10 basis points. The facility revolves for four years and is extendible after that, subject to a 2 basis point fee.

Bankers say they detect a slow-

down in corporate demand for bank financing, although this may be partly due to the approach of the traditionally quiet summer in the market. But a significant number of deals is still being done with US borrowers, some of which do not see the international market.

First Chicago has recently raised several large financings, for instance. These include a \$1.5bn three-year transaction for Baxter Travenol, a \$150m deal for Zayre Corporation and a \$250m package for Heller Financial.

Credit Suisse First Boston's \$400m financing for First Interstate was raised to \$500m before the signing last week, making it the largest internationally syndicated credit for a US bank holding company.

In the UK, Barclays de Zoete Wedd and Hilland Mtagn are raising £200m through a multiple

option facility for BICC, the construction, cables and systems concern. It will have a five-year maturity and \$100m will be committed. It includes a \$50m swing line to back up an existing US commercial paper programme. Terms are not yet disclosed.

Montagu is also raising £110m over five years for Abaco Investments, a subsidiary of British and Commonwealth Holdings. Manufacturers Hanover raised a facility for Wagon Finance from \$50m to \$75m.

Bankers Trust International, Indosuez, the Mitsubishi Bank and Santo Spirito have been mandated to raise a FF600m (\$102m) five-year term loan for Alitalia, the Italian national airline. The loan carries margins of 15 basis points for the first three years, rising to 17 1/2 basis points for the last two. Front end fees range down from 12 basis points

for FF600m.

Stephen Fidler

New Issue All these securities having been sold, this announcement appears as a matter of record only. May, 1988



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(Yamanouchi Seiyaku Kabushiki Kaisha)
(Incorporated with limited liability under the Commercial Code of Japan)

U.S. \$300,000,000

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20th June, 1988

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Interest rate and inflation pressures dominate sentiment

THE GILT-EDGED securities market sparked to life last week. It followed the US Treasury market up on Tuesday only to see its attention switch to domestic concerns following two days of terrible UK statistics, on Thursday and Friday, and end the week at nearly the 9.5 per cent level for long-dated issues.

Of the dominant forces of the week which have enough momentum to affect the future, two stand out: the first is global higher world interest rates - the second, related but essentially domestic - inflationary pressures in the UK.

Some weeks ago the trend to higher interest rates was noted. That trend now seems to be an inch away from being confirmed by the West German and, possibly, the Japanese authorities.

The Bundesbank is not happy with domestic developments and the level of the D-Mark. It is concerned about imported inflation and a pick-up in exports. The bank sold up to 54bn since late May to support the D-Mark to little or no avail.

Interest rates have been high on the agenda at Bundesbank board meetings recently. It is quite possible that the board has decided to tighten policy and tomorrow's 'repo' could provide such an opportunity to raise short rates from 3% to 3 1/2%.

In Japan the strong dollar is also raising concerns about imported inflation, although the yen had demonstrated greater strength against the US currency than has the D-Mark.

The balance of inflation risks has probably shifted a notch in the negative direction. Higher average earnings and lower productivity have flowed through to

higher unit labour costs.

In the three months to January productivity grew at 6.8 per cent in the quarter to April it grew at 5.2 per cent. Unit labour costs show a contrary movement: up 1.3 per cent in the three months to January and up 3.2 per cent higher in the quarter to April.

There are some fairly wild stories flying around the gilts market concerning Morgan Grenfell.

Morgan Grenfell came close to pulling out of the market almost a year ago but the October crash has undergone something of a renaissance, but stories of it having built up market share to the 10 per cent to 15 per cent level are a little wide of the mark.

More importantly, perhaps, there has been a fundamental change in attitudes to trading. Since March, Morgan Grenfell no longer operates a 'back book' operation.

Moreover, it believes that the only way to deal in the market is by offering a price. As one executive says, there is no mid-price, just a price at which people will deal.

But the experience of Lloyds and Merrill Lynch still looms large. Aggressive pricing has often ended in tears and a change in occupation.

There are a lot of people watching.

Simon Holberton

US MONEY AND CREDIT

Traders beat hasty retreat after a spectacular rally

IT WAS all going to be so nice. Central bankers and finance ministers from the main industrial countries were going to have a quiet and comfortable annual meeting in Toronto, with nothing much to talk about except how well things were going.

As it is, the meeting began yesterday with financial markets suddenly rattled by the prospect of rising global interest rates.

In the US markets, last week's swing in sentiment was extreme. The dollar and dollar-denominated securities were given a tremendous boost on Tuesday when the Commerce Department reported that the US merchandise trade deficit narrowed in April - on its new seasonally adjusted basis - to \$8.9bn from \$11.7bn in March.

The figure was not only low, it was also low for all the right non-inflationary reasons. Exporters had a strong showing, but imports declined faster, so aggregate demand was slowing. Here, at last, was evidence that the dollar devaluation had set the stage for a lasting improvement in the US trading account.

The dollar rose sharply and the stock market, as if on cue, burst through the 2100 level which has defeated the Dow Industrials all year. The Treasury long bond



US Treasury yields. Percent. May 19, 1988. June 16, 1988. Source: Technical Data International (London).

jumped two full points for its strongest gain since mid-January, and was yielding under 9 per cent for the first time since April.

Wednesday produced a textbook consolidation. Though the temptation to realize profits must have been strong, there was little selling and the long bond slipped just 15 basis points while stocks advanced a bit. It was on Thursday that everything fell apart and by the end of the week the whole spectacular rally might never have occurred.

The market collapse was at first baffling. Rising commodity prices, in part because of the

drought in the Prairie states, took their usual share of blame. Reports that Congress is considering raising revenue from a new withholding tax on foreign holdings of American securities were long at least half-point off the long bond on Friday. But as this week begins, the markets' main preoccupation is that the Toronto meeting will be faced with attempts to co-ordinate a rise in interest rates.

The markets woke up last week to the unpleasant thought that a stable dollar could be a mixed blessing. Overseas monetary authorities have been anxious for some time about the inflationary potential of current economic growth. But they have been hampered in raising domestic interest rates by the fragile condition of the dollar.

Now that the dollar appears to be held together, and West German policymakers will not want their currencies to devalue and risk higher import prices, As Salomon Brothers put it last week

"The mild strengthening in the US dollar that followed that trade report quickly revealed the policy biases among foreign monetary authorities which will limit further rallies in the dollar."

This line of thought won adherents on Thursday, when data from Tokyo showed that the Japanese economy grew at the astonishing annualised rate of 11 per cent in the first quarter after inflation adjustments, as if Japan were some resource-rich developing country.

This Tuesday, the Bundesbank in Frankfurt is expected to raise conditions allowing to raise interest rates on its securities-repurchase agreements by 25 basis points, from 3 1/2 per cent to 3 3/4 per cent. And the Bank of England, which has countenanced two base-rate increases recently, is believed to want sterling rates to go higher.

The clamour for higher rates is not uniform. Japan and the UK are predominantly concerned

that their economies will overheat in a winter of price rises. In West Germany, the domestic economy did show better than expected growth but the prime concern is the weakness of the D-Mark in foreign exchanges.

Both West Germany and Japan have been saddled with rising money supplies because of their dollar-support operations and may feel that now is the time to get things in order. According to market reports, the Bundesbank has been selling dollars and slightly reducing domestic liquidity at the same time.

May, due on Tuesday at 8.30am. Prices are expected to have climbed by 0.4 per cent in May, as about the same rate of increase as in April and March. Some economists surveyed believe the May increase could be as high as 0.6 per cent.

Real Gross National Product for the first quarter, due on Thursday at 8.30am. This revision of first-quarter economic growth will probably be unchanged at 3.9 per cent, though some economists believe it could be adjusted as high as 4.2 per cent or as low as 3.2 per cent.

Personal income and consumption for May, due on Friday at 10am. Income is expected to have risen by 0.5 per cent and outlays by 0.4 per cent.

James Buchan

CFTC ends freeze on new index contracts

APPROVAL by the Commodity Futures Trading Commission (CFTC) of two new stock index futures contracts planned by the Chicago Board of Trade (CBOT) marks the lifting of a moratorium on new index contracts imposed by the agency after October's stock market crash.

The CFTC has recently approved both the CBOE 250 and the CBOE 50-stock index futures contracts developed as part of a

joint venture between the CBOT and Chicago Board Options Exchange.

The new contracts, which are based on the top 50 and 250 blue chip stocks on the New York Stock Exchange, are not expected to trade for several months.

Around nine new stock index futures contracts were on file at the CFTC before the October market crash. However, amid the criticism surrounding stock

index futures after the crash, the agency said it would approve no new index contracts until exchanges filed additional details

Approving the new CBOT contracts, Ms Wendy Gramm, CFTC chairman, stressed the importance of stock index futures to risk management. She acknowledged the 'perceptual issue' surrounding index futures, but said the way to address this was

through education and not by blocking innovative products. The announcement paves the way for approval of other index contracts on file with the CFTC. These include an index of foreign stocks developed by New York's Coffee, Sugar and Cocoa Exchange and contracts based on two Japanese stock indices.

Deborah Hargreaves

Table with 5 columns: Fed Funds (weekly average), 3-month Treasury Bills, 6-month Treasury Bills, 9-month Treasury Bills, 30-day Commercial Paper, 90-day Commercial Paper. Values range from 7.52 to 8.47.

Table with 5 columns: Fed Funds (weekly average), 3-month Treasury Bills, 6-month Treasury Bills, 9-month Treasury Bills, 30-day Commercial Paper, 90-day Commercial Paper. Values range from 97 1/2 to 103 1/8.

Table with 5 columns: Overall, Government Bonds, Municipal Bonds, Govt-guaranteed Bonds, Bank Subscribers, Corporate Bonds, Non-Domestic Foreign Bonds. Values range from 144.46 to 139.99.

NRI TOKYO BOND INDEX. Performance index table with 5 columns: Overall, Government Bonds, Municipal Bonds, Govt-guaranteed Bonds, Bank Subscribers, Corporate Bonds, Non-Domestic Foreign Bonds.

FT/AIBO INTERNATIONAL BOND SERVICE. Large table listing various international bonds with columns for Issued, Bid, Offer, Yield, and Price.

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Kymmene Corporation (incorporated with limited liability in the Republic of Finland)

Introduction of the Unrestricted Shares to The Stock Exchange in London

Sponsored by

Merrill Lynch Limited

Union Bank of Finland Ltd

Application has been made to the Council of The Stock Exchange for admission to the official list of all the unrestricted shares of Kymmene Corporation which are listed on the Helsinki Stock Exchange. The following table sets out the share capital of Kymmene Corporation:

Table showing share capital details: Issued and Fully Paid, Unrestricted shares of FIM 20 par value (11,658,536), Restricted shares of FIM 20 par value (50,341,464).

Listing Particulars relating to Kymmene Corporation are available in the statistical service of Extel Financial Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 22nd June, 1988 from the Company Announcements Office, The Stock Exchange, London EC2P 2BT and up to and including 4th July, 1988 from:

Merrill Lynch Limited, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY

Union Bank of Finland Ltd, London Branch, 46 Cannon Street, London EC4N 6JJ

Cazenove & Co., 12 Trenchouse Yard, London EC2R 7AN

20th June, 1988

Handwritten note: محمد صالح المنجد

INTERNATIONAL CAPITAL MARKETS

Icahn faces the masses in Texaco's backyard

BY JAMES BUCHAN IN TULSA, OKLAHOMA

MR JAMES KINNEAR and Mr Carl Icahn, bitter rivals in a struggle for control of Texaco, both claimed victory on Friday in a crucial vote of the shareholders of the third-largest US oil company.

However, there was no doubt who was the clear favourite among the shareholders present at Texaco's annual meeting in the heart of the US oil industry.

"I know why they give three points for home-court advantage," said a rueful Mr Icahn after more than three hours of roasting by a partisan congregation of Texaco employees, pensioners, wholesalers and petrol

station operators as well as other stockholders.

"But if you have an overwhelming desire to be loved, you don't come to one of these things."

About 1,000 shareholders crammed into the ballroom of the Tulsa Westin Hotel while hundreds more watched proceedings on television monitors outside.

A few speakers rose to criticise Mr Kinneare, Texaco's chief executive, and Mr Al DeCrane, its chairman, for the company's poor record but the overwhelming majority of speakers accused Mr Icahn of attempting to break up

Texaco for his own short-term gain.

Mr Icahn, a New York takeover specialist who owns 14.8 per cent of Texaco, was seeking five board seats in an attempt to launch a \$14.2bn takeover of the oil company.

Texaco officials, who have suffered through four years of unremitting misfortune including the bankruptcy of the company, were jubilant that they had won a majority of the company's 243m shares and 200,000 shareholders for their own list of directors.

"Our advisers tell us that we will win and the margin will be substantial," said Mr Kinneare,

who received a standing ovation from the packed meeting.

The results of the poll, the largest taken in a proxy contest, could take three to four weeks to be published, said Mr DeCrane.

Mr Icahn also claimed victory, but only on condition that a key block of 12m shares had been voted in his favour or abstained. This block, which was amassed in March by Kohlberg Kravis Roberts, the New York investment firm, has been the object of blandishment from both sides. Last Tuesday, the fate of this block became more uncertain when 7.7m shares believed to

have been owned by KKR were sold to an unknown buyer.

"If the block is against us, we'll definitely lose," Mr Icahn said.

Looking dazed at his hostile reception, Mr Icahn complained that Texaco had packed the meeting and warned that a defeat for his nominees would be a disaster for shareholders' rights. "If we lose this one, it's a great setback for corporate government," he said. "This might be the last proxy fight."

Mr Bill Linn, a retired Texaco employee from Austin, Texas, received an ovation when he said: "Giving the company to Mr Icahn would be like giving your Stradivarius to a gorilla."

Kymmene debuts in London

By Maggie Urry in London

TRADING in the shares of Kymmene, the leading Finnish forest products group, starts today on the London Stock Exchange. Only the unrestricted shares - those which can be held by non-Finnish nationals - are being introduced to the London market.

Kymmene has 50.3m restricted and 11.7m unrestricted shares in issue. The unrestricted shares are not entitled to exercise more than one-fourth of the votes represented by the restricted shares.

It is thought that gaining a London listing for its shares is part of Kymmene's strategy to expand its international activities. It already has production facilities in the UK, France and West Germany.

Kymmene has transformed itself over the last three years, focusing on its forest product activities.

Rauma-Repola plans shipyard layoffs

RAUMA-REPOLA, the Finnish metal and forest industries group, has announced drastic cuts at its shipbuilding and marine technology division, with 600 of the 4,400 employees to lose their jobs by the end of this year. Shipbuilding operations will be concentrated at the Rauma yard.

Sulzer to buy pacemaker group

BY RODERICK ORAM IN NEW YORK

INTERMEDICS, a leading US maker of heart pacemakers and other medical equipment, has agreed to be acquired by Sulzer Brothers of Switzerland for \$43 a share, or some \$800m.

The offer is conditional on a majority of the Intermedics' shares and warrants on a fully diluted basis being offered by shareholders. Company executives and directors own some 20 per cent of the equity.

The company reported net profits of \$20.6m, or \$1.22 a share, last

year on revenues of \$193.3m. Earnings per share could rise to around \$1.70 a share this year thanks to buoyant business.

Its orthopedic prostheses products are enjoying strong demand and Carbomedics, its carbon coating subsidiary, is also performing well, thanks in part to shipments of mechanical heart valve parts.

Pacemaker operations in the US are slow, however, because of stiff competition from Medtronic, its main rival. Intermedics is waiting for a

court verdict soon on the damages it must pay for infringing Medtronic's patent. Although the sum could be as high as \$60m, the impact on Intermedics should be slight.

It has set aside a \$27m reserve and it has close to \$50m in cash and no debt.

Pacemakers sales abroad are strong, however, and analysts are optimistic that the introduction of new products will keep pacemaker sales growing strongly overall.

Compaq in new assault on IBM

By Louise Kehoe in San Francisco

COMPAQ COMPUTER of the US will today launch an aggressive bid for leadership in the business personal computer market by introducing two new products which challenge IBM's Personal System/2 computers.

Compaq claims that its new machines offer higher performance at lower prices than equivalent IBM products. The company also lays claim to domination of US sales of up-market personal computers with 80 per cent of sales made through computer dealers.

But the chance to better arch-rival IBM with new higher performance machines is irresistible. Compaq's goal is to shed its image of follower to become the leader in the personal computer industry.

Following its strategy of beating IBM to market with the latest microprocessor technology, Compaq will launch a new high performance 32-bit personal computer which employs a faster 25MHz version of the Intel 386 microprocessor. The company will also unveil a "business workhorse" personal computer built around a lower cost version of the Intel chip.

With its new high performance Deskpro 386/25, Compaq claims a 50 per cent performance advantage over the recently announced IBM Model 70.

Husky Oil expands with Canterra Energy takeover

BY ROBERT GIBBENS IN MONTREAL

HUSKY OIL, the western Canadian oil and gas group controlled jointly by Hong Kong entrepreneur Mr Li Es-shing and Nova, the Alberta energy group, is buying all the shares of Canterra Energy, a western Canada energy group now 51 per cent owned by Polysar Energy and Chemical.

This is a sequel to last week's eight-month-long \$2.2bn (US\$165.3m) takeover of Polysar's petro-chemical assets by Nova.

Husky will make its move in three steps, and when Canterra has been absorbed may try to bid for Texaco Canada.

First, Husky will buy 51 per cent of Canterra from Polysar, and then a further 12 per cent from Nova for a total \$375m or \$2.85 a share. It already owns 8 per cent, and

La Générale sells BF5bn Sofina stake

SOCIETE GENERALE de Belgique has sold 23.6 per cent of holding company Sofina to Union Financière Boel, another major shareholder, agencies report from Brussels.

The BF5bn (\$136.6m) sale, on which La Générale said it made a considerable capital gain, represents virtually all of its 25.25 per cent direct stake in Sofina.

To ensure their long-standing co-operation continued, La Générale and Sofina said they had agreed in principle to set up a joint company that would hold stakes in Tractebel and other energy companies.

The large sell-off, along with the launch of the new company is one of the first major shake-ups in La Générale to come amid the hostile takeover attempt by Mr Carlo De Benedetti.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount	Maturity	Av. life	Coupon	Price	Book number	Offer yield
US DOLLARS							
US Securitiz	50	1993	5	(4.1)	100	Okasa Int. (Europe)	*
Kokusai Securitiz	100	1993	4	4	100	Nomura Int.	4.125
Tokai Land	150	1993	4	4	100	Yamaichi Int. (Eur)	4.000
Nissaijin Kasei	200	1993	4	4	100	Yamaichi Int. (Eur)	4.000
Japan Synthetic Rubber	100	1993	4	4	100	Nomura Int.	4.000
Goodyear Tire & Rubber	150	2005	15	6 1/2	100	CSFB	6.875
Bojima	250	1998	10	9 1/2	101 1/4	CSFB	9.446
SFCF	150	1998	10	9 1/2	101 1/4	CSFB	9.303
Mitsubishi Chemical	200	1993	4	(4.1)	100	Banko Paribas	*
Fuji Photo	400	1992	4	(3.5)	100	Nikko Secs (Europe)	*
SMAI	250	1990	8	8 1/2	100 1/2	Nomura Int.	7.733
Dynalene	50	1992	4	(3.5)	100	Salomon Brothers	*
Tokai Dept. Store	200	1993	5	(4.1)	100	Nomura Int.	*
EDA	150	1998	10	9 1/2	101 1/4	BNP Capital Mkts	9.120
Int. Finance Corp.	100	1994	4	8 1/2	101 1/4	Nikko Secs (Europe)	8.545
Co. Data Enterprises	150	1991	6	6 1/2	101 1/2	CSFB	8.073
C. Nobe	400	1995	5	(4.1)	100	Nikko Secs (Europe)	*
Kumagai Gumi	400	1995	5	(4.1)	100	Daiwa Europe	*
Harford Finance	100	1991	6	8 1/2	101 1/2	Salomon Brothers	8.092
Campbell Soup	100	1991	3	8 1/2	101	CSFB	7.863
Stand. Enkeltan Bank	100	1993	3	9	100 1/2	CSFB	8.808
BP America	100	1989	1	9 1/2	101 1/4	Nomura Int.	7.117
Wash. Savings Ass.	50	2004	2.28	(0)	100	Banko Paribas	*
Outbank (Ile)	70	1991	3	9 1/2	101 1/4	Nomura Int.	8.586
CANADIAN DOLLARS							
Helaba Luxembourg	60	1991	3	10	101 1/2	Men. Stanley, Hess, LB	9.403
Amex Overseas Credit	50	1991	3	10	101.20	Shearson L. man Hurton	9.522
Prov. of Saskatchewan	150	1991	7	9 1/2	101 1/4	Wood Gundy	9.378
General Motors	220	1995	10	10 1/2	101 1/2	Salomon Brothers	9.968
Province of Alberta	500	1992	4	10	101 1/2	Banko Paribas	9.493
AUSTRALIAN DOLLARS							
BFL	50	1992	4	13	101 1/4	Hambros Bank	12.460
LCF	50	1991	3	13 1/2	101 1/4	Wood Gundy	12.567
New Zealand	200	1995	7	8	101	Nomura Int.	11.657
Sveraka Handelsbank (S)	50	1995	5	7.65	100	DKB Int.	7.959
Best. Laenderbank	50	1995	5	13 1/2	101 1/2	Wood Gundy	12.495
D-MARKS							
National Bk of Hungary	200	1994	6	6 1/2	100 1/4	Deutsche Bank	6.199
Enbank Corp	175	1993	5	5 1/2	100 1/4	BRF-Bank	5.442
SWISS FRANS							
Osaka Tokai	60	1992	-	5	100	Credit Suisse	0.625
DR Int.	100	1993	-	3	100	Warburg Sondit.	*
Takara Securities	60	1993	-	3	100	Bank Julius Baer	0.125
Canon Sales Co. (Sw)	200	1993	-	(1)	100	Salomon Brothers	*
Ushijima Co. (Sw)	40	1992	-	(1)	100	Citigroup Inv. Bank	*
Den. Development	100	1998	-	4 1/2	101 1/4	SBC	4.591
NIPP Capital Corp. (Sw)	200	1993	-	4	100	Banko Paribas	5.833
Daifuda	200	1995	-	4 1/2	99 1/2	Credit Suisse	4.668
C. Rube	300	1993	-	(1)	99 1/2	SBC	*
STERLING							
Nikko Securitiz	50	1993	5	4 1/2	100	Nikko Secs (Europe)	4.300
Nikko Securitiz	50	1994	6	5 1/2	100	Nikko Secs (Europe)	5.375
Messitt Finance (UK)	17	2003	15	6	100	Goldman Sachs	6.000
Woodwich Equit. (UK)	200	1993	5	5 1/2	100	Hambros Bank	-
Bristol & West (UK)	150	1993	5	6	100	CSFB	-
Sasachi & Sasachi (UK)	176.5	2003	15	6 1/2	100	Warburg Securities	6.750
FRENCH FRANS							
Lafarge Coppes	1.520	1997	8 1/2	6 1/2	100	CFP	6.125
Elia	1.500	1995	7	8 1/2	101 1/2	Societe Generale	8.433
LUXEMBOURG FRANS							
AMZ Banking Group	300	1993	5	7 1/2	100 1/2	BGL	7.219
Elia	300	1995	7	7 1/2	100 1/2	BGL	7.180
ESSE	300	1995	5	7 1/2	100 1/2	BGL	7.035
Council of Europe	300	1993/98	5-10	7 1/2	100 1/2	Bank Indosuez Lux.	7.107
Union Bk of Hungary	300	1993	5	7 1/2	100	Credit Europe	7.107
Parbel Int. Fin. (UK)	600	1994	6	0	66 1/2	Kredietbank Int.	7.375
GUILDER							
Mitsubishi Chemical	150	1993	5	(3 1/2)	100	Amro Bank	*
EURO							
C. Nobe	100	1993	5	(3 1/2)	100	NKK Europe, B. Paribas	*
LIRE	2000	1993	5	11 1/2	98 1/2	San Paolo Bank	11.915
FINNISH MARKKA							
Int. Finance Corp.	250	1995	7	9 1/2	100 1/2	Union Bk of Finland	9.499
YEN							
Suwayama	500	1993	5	(4)	101 1/2	Nippon Credit Int.	-
Suwayama	1000	1993	5	(4)	101 1/2	IBJ Int.	-
De. Banczint	500	1993	5	(4)	101 1/2	IBJ Int.	-
Borgen Bank	1000	1994	6 1/2	(0)	101.225	IBJ Int.	-
State Bk New Sth Wales	2000	1993	6 1/2	(0)	113 1/2	Nomura Int.	-
De. Banczint	500	1993	5	(4)	101 1/2	Saburo Int.	4.600
Borgen Bank	1000	1993	5	(4)	81.585	Mitsui Trust Int.	4.154

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U.S. \$300,000,000

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Generale Bank	National Westminster Bank PLC
PKBanken	Swedbank (Sparbankernas Bank)
Swiss Bank Corporation	Union Bank of Switzerland

Co-Managers

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The Daiwa Bank, Limited	Den norske Creditbank Sweden
Kansallis Banking Group	Svenska Handelsbanken Grönp

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The Mutual Benefit Life Insurance Company and Mutual Benefit Funding, Inc.

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UK COMPANY NEWS

BAT to appeal against ruling on Farmers bid

BY PHILIP COGGAN

BATUS, the US arm of BAT Industries, the tobacco and insurance group, is set to appeal against a decision by the Californian Department of Insurance blocking its \$4.5bn bid for Farmers, the US insurance company.

Ms Roxani Gillespie, the insurance commissioner for California, late last week denied permission for BAT to acquire Farmers because the UK group was partially owned and controlled by governmental entities. For the purposes of the ruling, "governmental entities" appears to include the pension funds of UK nationalised industries.

California is only one of nine

states where BAT needs to get regulatory approval for its bid, but it is seen as the most important, since it is the state in which Farmers has its headquarters.

The ruling came as a shock to BAT which had obviously been expecting to win approval. Some observers had been expecting Ms Gillespie to block the bid because of BAT's tobacco interests, or its links with South Africa: no-one seems to have expected a ruling on these grounds.

BAT said it had satisfied all the regulatory requirements except for "one technical issue, to which the Department applied an extremely narrow interpreta-

tion". It intends to take legal action to reverse the decision.

BAT claims that if the same interpretation was applied to other publicly-owned insurance companies doing business in California, a large number of groups, including Farmers itself, would be disqualified.

Farmers however welcomed the ruling. Its chairman and chief executive, Mr Leo E Denlea, Junior, said: "This is a significant setback to BATUS's unwanted, hostile takeover attempt, and we feel strongly that BATUS will face difficulty in other states."

Berkeley surges to near £18m

MORE THAN doubled profit was achieved by the Berkeley Group in the year ended April 30 1988. All the increase in operating profit came from the building of residential homes, as there was no contribution from commercial developments.

Turnover of the group shot up from £52.52m to £52m and pre-tax profit from £8.55m to £17.7m. Berkeley has expanded from its Surrey base to Sussex, London, Hampshire, Kent and more

recently, the Midlands and East Angles.

Earnings advanced 11p to 28.2p while the dividend is lifted 1p to 3.5p on capital increased by the prudent policy. The final is 2.5p.

Mr James Farrer, chairman, said forward sales still continued at record levels, despite his earlier reservations concerning the impact of last October's market crash.

He had considerable optimism

for the future and the group's continued growth.

Results did not include any contribution from Clare Homes and Spencer Homes, acquired earlier in the year. They had been integrated into the group and the chairman was pleased with their progress.

On the commercial side, Mr Farrer recalled his earlier note that developments would not contribute to 1987-88, whereas previously that division produced profits of £3.63m and operating profits of £280,000.

There was net interest received of £771,000 (paid £528,000) and joint venture companies contributed profits of £1.18m (£517,000).

St George, the joint venture with Speybank, more than doubled its profits to £2.28m, and has a £27m development programme made up of 17 sites to be built over the next two years. Until eight months ago the company was building luxury homes on two sites; now it was operating in the total housing market, building homes from £75,000 to over £400,000.

TOWARDS A SINGLE EUROPE

The Financial Times proposes to publish this survey on: WEDNESDAY 29th JULY 1988

For a full editorial synopsis and advertisement details, please contact:

RUTH PINCOMBE on 01-349 9808 ext 3428 or write to her at: Bracken House 10 Cannon Street London EC3P 4ABY

FINANCIAL TIMES

Bentley's rejects £5.5m bid

Bentley's of Piccadilly, the restaurant chain, yesterday dismissed a "totally unacceptable" £5.5m all-paper offer from Leisure Investments, the amusement centre and snooker chain group.

The Bentley's board said that it had been in friendly and confidential discussions with a number of interested parties, including I.L. at a much higher level than the 8p per share bid.

Bentley's shares used to be traded under the Stock Exchange's Rule 535 but that facility has since been barred by the Stock Exchange.

I.L. also launched an offer for Theme Holdings, the restaurant and leisure group, on Friday.

Harvey Nichols sale looks unlikely

By Philip Coggan

A sale by the Burton retail group of its Knightsbridge-based Harvey Nichols department store looks unlikely after a statement from Sir Ralph Halpern, the chairman of Burton, yesterday.

He refused to confirm or deny rumours that General Cinema, the US soft drinks and retailing group which has a substantial stake in Cadbury Schweppes, had offered £40m for the store.

However, Sir Ralph did say that the group had received a few approaches from willing buyers in recent years.

General Cinema was unavailable for comment.

Philip Coggan sets the scene for the start of national commercial radio Tuning in to the potential boom

There are profits in the air. Not so long ago, radio was perceived simply as television's poor relation. Now the medium is taking an increasing slice of a growing UK display advertising market. And the contenders are already jostling for position in preparation for 1990, when the first national commercial radio (NCR) channel comes up for auction.

The recent results round illustrated how the few listed radio stations are prospering; and, as shown by Red Rose's recently announced merger with the Miss World group, the stations are confident in their ability to expand.

For years of course, radio was the exclusive preserve of the BBC. After years in which "pirate" stations had competed illegally with the Corporation, the airwaves were opened up in the 1970s under the auspices of the Independent Broadcasting Authority.

Until recently, the 49 stations which the IBA established had struggled to make ends meet. Their obligation to provide a diversity of programming meant that their ability to target the listeners that advertisers required. And the sheer fragmentation of the system also made them cumbersome for advertisers to deal with.

It was not an industry which seemed to attract experienced entrepreneurs. Capital Radio, for example, tended to reach its heard with leading lights of the media

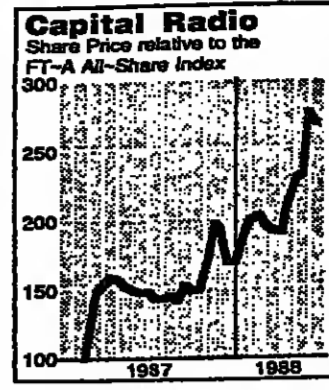
rather than the world of business. But as the price of television advertising continued to increase, radio began to benefit as agencies and clients sought out its comparative cheapness. Some of the larger stations were able to float on the stock market in the early 1980s as their profits improved.

What is causing excitement in the radio industry is the potential for those profits to rise even further. Radio's current share of UK display advertising is around 2 per cent, but that is a pretty low proportion compared with the US (10 per cent), Australia (9 per cent) and Canada (8 per cent).

Last year, advertising on commercial radio rose by 25 per cent to nearly £100m - so if radio could increase its share of the market to 4 per cent, that would bring another £100m into the radio stations, even assuming that overall spending on advertising remained constant.

Radio stations pay a charge called the "secondary rental", which is related to their profits, to the IBA. But otherwise, the relationship of their costs to their revenues is limited. The cost of transmitting the standard fare of disc jockeys, phone-ins and some local news is pretty cheap, and radio does not suffer from the kind of archaic labour practices common in the TV industry.

So a large percentage of the increase in advertising revenue has gone straight through to profits. Recently Radio City, the



But Mr Oyston emphasised that both companies were in the entertainment business and both were involved in sponsorship. He believed the combined group could be built up into a substantial leisure business - Miss World's marketing contacts in other countries could bring important benefits for the radio group.

Being big may be very important in the upcoming NCR franchise auction, when the government will be putting three new national radio networks up for sale. Mr Oyston is widely expected to be in there bidding but he is also expected to face stiff competition from the likes of Mr Richard Branson's Virgin Group and Mr Michael Green's Carlton Communications.

Capital Radio, which is also expected to be in the running for a national franchise, has acquired minority stakes in about 13 other independent local radio stations. Even if it fails to win one of the national franchises, it will be in a strong position to offer networked programmes to whoever does take the prizes.

There are, of course, some cynics who doubt that there will be enough advertising available for three national stations, plus the existing local stations, plus the community radio stations that will also join the airwaves in the 1990s. But compared with the early days of meagre revenues, the radio stations are currently walking on air.

Debenham Tewson plans German/Dutch venture

PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Debenham Tewson and Chinocks, the largest of the quoted commercial property surveyors, has announced an association agreement with German and Dutch companies that should substantially increase its continental coverage of business.

The agreement is with Zadelhoff, which has offices throughout the Netherlands and Ger-

many. The plan is that Debenham Tewson and Zadelhoff will offer their services to each other's clients.

Although the association is a legal agreement, it does not have a financial element. Debenham Tewson said, however, that the agreement could lead on to further co-operation.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except when the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Date	Announcement last year	Date	Announcement last year
* Anglo Group... June 21	Final 0.5	Mercury Asset... June 30	Final 0.5
Blue Arrow... June 29	Final 0.5	UK Electric... June 24	Final 0.3
BPL Inds... June 30	Final 0.5	UK Indent... June 25	Final 4.5
Cable & Wire... June 24	Final 3.5	* Metal Box... June 21	Final 4.05
Davy Corp... July 2	Final 4.75	* Meyer Int... June 21	Final 4.85
Daily... July 3	Final 3.5	* Nacel... June 20	Final 2.45
* EMAP... July 15	Final 2.15	* Next Equip... July 1	Final 0.5
ENF... June 18	Final 0.5	* Scaled Oil... June 30	Final 0.5
Ferret... July 1	Final 1.24	* Shaw & Shaw... June 25	Final 2.7

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Verbund Group	1986	1987*
Selected Data	Austrian Schillings	
Balance sheet total	122 bn	123 bn
Capital assets (gross)	111 bn	114 bn
Investment	3.8 bn	2.7 bn
Cash flow	4.2 bn	4.9 bn
Group profit	0.9 bn	1.6 bn
Employees	5966	5961

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Aberfoyle profits fall to £1.87m

An excellent performance in auto electrical fields to offset unsatisfactory results in textiles and farming, leaving pre-tax profit at Aberfoyle Holdings down from £2.41m to £1.87m in 1987.

Turnover fell to £7.09m (£7.93m) and profit before interest to £1.55m (£2.31m). Earnings were 2.33p (2.85p) per share.

For the current year the directors were optimistic. They expected a substantial improvement in local profitability from the Zimbabwean subsidiaries, based on operating results so far, and said prospects for the remainder of the year were encouraging.

It was impossible to form a dividend policy as the question of status of the Zimbabwean companies was not resolved.

WB Industries losses rise to £74,871

WB Industries, maker of springs and pressings and supplier of computer services, has seen its pre-tax losses increase by £797 to £74,871 for the year to end-December 1987. Turnover was virtually static at £4.44m, compared with 1986's £4.37m.

Tax rose to £56,000 (£7,000). As in the previous year, there is no dividend.

Cranwick Mill suffers downturn

Cranwick Mill Group, maker of animal feed, marketer of livestock and grain merchant, suffered a fall in 1987-88pre-tax profits from £282,000 to £63,000, in spite of turnover ahead at £53.12m, against £42.19m.

After tax of £330,000 (£308,000) earnings per share dropped from 10.5p to 7.6p. The directors of this USM company recommend a final dividend of 3.7p for an unchanged 5.5p total.

They said the current year had seen a halt to the fall in pig prices and more recently a slight improvement. However, it was too early to assume that in the short term, pig prices would be restored to a level providing pig producers with a satisfactory return.

Pig marketing had commenced strongly and continued growth was anticipated. Pig feed sales in the first two months had been in line with target.

Needler Group Limited

(Incorporated under the Canada Business Corporations Act - No. 231758-3)

Placing by Capel-Cure Myers of

3,971,000 common shares at a price of 100 p per share

SHARE CAPITAL

Authorised 25,000,000

common shares without nominal par value

Issued and to be issued fully paid 18,458,534 representing a stated capital of \$40,113,051

The Group produces aggregates, asphalt and concrete blocks and provides construction services, operating principally in the Province of Ontario, Canada and also in New York State, U.S.A.

Full particulars of the Company are available through the Extel Unlisted Securities Market Service. Copies of such particulars can be obtained from the Company Announcements Office of The Stock Exchange, London EC2P 2BT until 22 June, 1988 and during normal business hours on any weekday (Saturdays excepted) up to and including 4 July, 1988 from:

Capel-Cure Myers 65 Holborn Viaduct London EC1A 2EU A member of the ANZ Group

Charterhouse Tilney 1 Paternoster Row London EC4M 7DH

20 June, 1988

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any shares. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued share capital of the Company in the Unlisted Securities Market. It is emphasized that no application has been made for these securities to be admitted to listing.

Jackson Group Plc

(Registered in England no. 217650)

The principal activities of the Group are civil engineering, building and the development and construction of commercial, industrial and residential property. The Group also provides specialist engineering supplies and services.

Introduction to The Stock Exchange by Lloyds Merchant Bank Limited

SHARE CAPITAL

Authorised £1,400,000

ordinary shares of 10p each

Issued and fully paid £1,073,554

Listing Particulars relating to the Company are available in the Extel Statistical Service. Copies of the Listing Particulars may be obtained during normal business hours up to and including 22nd June, 1988 from the Company Announcements Office, 46-50 Finsbury Square, London EC2A 1DD and during normal office hours on any weekday (Saturdays and public holidays excepted) up to and including 4th July, 1988 from:

Jackson Group Plc, Dobbs Lane, Kesgrave, Ipswich IP5 7QQ

Lloyds Merchant Bank Limited, 40-46 Queen Victoria Street, London EC4P 4EL

Charterhouse Tilney, 1 Paternoster Row, St. Paul's, London EC4M 7DH

20th June, 1988

NBD BANCORP, INC. US\$100,000,000 Floating Rate Subordinated Notes due 2005

Notice is hereby given that for the interest period 20th June 1988 to 20th September 1988 the interest rate has been fixed at 7 1/4%. Interest payable on 20th September 1988 will amount to US\$198,06 per US\$100,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

FINANCIAL TIMES STOCK INDICES

	June 17	June 16	June 15	June 14	June 13	June 10	High 1988	Low	Since Completion
Government Secs	89.35	89.55	90.24	90.03	89.80	89.89	91.43	86.97	127.4
Fixed Interest	98.38	98.48	98.36	98.20	98.18	98.12	98.67	94.14	105.4
Ordinary	1472.6	1481.6	1485.6	1482.7	1458.6	1468.2	1485.6	1349.0	1926.2
Gold Mines	215.5	221.2	221.8	221.2	217.2	228.6	312.5	195.4	754.7
FT-Act All Share	956.27	962.26	965.71	963.35	950.57	955.97	965.71	870.19	1238.57
FT-SE 100	1850.1	1861.9	1869.3	1864.2	1838.8	1849.8	1869.3	1694.3	2443.4

MANAGEMENT

Premier Brands

Now for the next test

When the cost cutting is over where does a food manufacturer in static markets look for growth? Richard Tomkins reports

HERE'S a question. Who makes Cadbury's Drinking Chocolate, Cadbury's Fingers, Cadbury's Smash and Cadbury's Susk? Cadbury?

Wrong. It is the same company that makes Marvel dried milk, Typhoo tea, Chivers jelly and Hartley's jam, to say nothing of Roh Roy sardines, Pickering's creamed sago pudding and a host of own-label products for supermarkets shelves.

Although one of Britain's biggest food manufacturers - turnover of £315m in 1987 is set to surge £40m this year - the Birmingham based Premier Brands has a low profile, mainly because it is an unquoted company.

But this curious animal is now being thrust into the public arena. A spate of 10 acquisitions by the company over the last 18 months, combined with the prospect of a flotation next year and the stock market's continuing obsession with brands, is prompting analysts to ask where Premier is going.

More pertinently, is the company's performance since becoming independent - profits doubled in 1987 - a consequence of cost cutting or has it established a momentum to build on its initiatives, but mature activities?

The company was formed in May 1986 following a £57m management buy-out of the food and beverage division of Cadbury Schweppes - the biggest buy-out yet in the UK food manufacturing industry. But its origins lie further back, in the diversification policies pursued by Cadbury, the confectionery maker, and Schweppes, the soft drinks company, before they merged in 1988.

Both had moved into food and beverages. Cadbury by putting its chocolate on biscuits and applying its cocoa powder technology to the production of milk and potato powders, and Schweppes through buying jam, marmalade and tea makers such as Chivers Hartley, Rose's and Typhoo.

A policy review in the 1970s, however, led to a change of direction for the merged group. Cadbury Schweppes decided to concentrate on the international expansion of its core confectionery and soft drink brands.

Unloved and neglected, the food and beverage division became little more than a cash cow funding mainstream businesses. By 1985 trading profits

had fallen to £6.6m, representing a paltry 2.1 per cent return on sales of £311.1m. Cadbury started looking for a buyer.

Allied Lyons and Ranks Howis McDougall were ultimately (and unsuccessfully) to enter the bidding, but according to Paul Judge, then planning director at Cadbury Schweppes and now Premier's 38-year-old chairman, there was initially little interest in the business.

"The brands themselves may have been strong, but that in itself gave no promise of value unless they could be shown to be profitable. To those looking at the numbers, they did not look particularly profitable. But we thought we could get efficiency savings and achieve something with a cultural change."

The new Premier Brands was organised into four divisions: tea (including Typhoo and Fresh Brew), beverage and whiteners (Marvel, Coffee Complement and the Cadbury chocolate drinks), foods (mainly Cadbury's biscuits and Smash), and Chivers Hartley (preserves, jellies, and canned fruit and vegetables).

Licence

Most brand names were bought outright, but in Cadbury's case Premier negotiated a renewable licence to use the name on non-confectionery products for 20 years. Premier is allowed to launch new biscuits and beverages under the Cadbury's brand provided they meet Cadbury Schweppes's standards of quality and presentation.

In 1987, its first full year of independence, Premier's profits of £24.5m represented a return of 7.5 per cent on sales of £315m, a margin well up to the industry average. Pre-tax profits were £18m compared with £9.2m in 1986 and £7.5m in 1985.

Partly this reflects the introduction of tough planning and budgets. "In a large company there tends to be a lot of gamesmanship between the divisions and head office, and it is very difficult for people at the centre to challenge the individual division's budget," says Judge.

"At Premier, we are so totally involved in the business that we can challenge the divisional figures. But once the budget is fixed, we give individual managers as much operational author-

ity as we can within the agreed plan, to give them a sense of motivation and commitment."

Typically for a buy-out Premier's upsurge in profit and cash flow has so far reflected dramatic improvements in cost and asset control rather than expansion. So the question is how the momentum is to be sustained. Where is the growth potential in a seemingly unimpressive range of jams and jellies, prunes and pickles, tea and tapioca, sardines and semolina? Is Premier just milking the same cash cow with a bigger bucket?

Judge says the product lines may look mature, and the food market as a whole is more or less static. Within that market, however, there are changes in tastes and trends, and the food manufacturer's skill is in using its brand assets to exploit them.

"Every company needs products at different stages of their life cycle, some of which are mature and cash generating, and others which, if they have enough intrinsic differences, will benefit from marketing."

"Tapioca pudding may be mature, but it generates money for virtually no effort. You need products like that to fund the development and marketing of the next generation of products."

As examples of the new generation, he cites Cadbury's Chocolate Break, a just-add-water hot chocolate drink, and Typhoo One Cup, a brew-in-the-cup tea bag. Both were launched into an apparently stagnant marketplace, but are now Premier's fastest-growing products with volume increases of 40 per cent since last year.

Still, product launches are a slow and painful business. Judge says One Cup and Chocolate Break have taken three years to establish at a cost of nearly £20m. "You don't do that for many things," he acknowledges.

With cost savings helping to produce a cash flow running well ahead of forecasts, Premier has therefore embarked on the second plank of its strategy: growth by acquisition. Some £70m has already been spent on strengthening its hand in areas where it is not already market leader.

Six tea companies have been bought since November 1986: Melrose, The Glengettie Tea Company and Ridgways, all in



Paul Judge: different acquisitions serve different purposes

speciality teas; the London Herb and Spice Company, in herbal teas; and the Jersey Trading Corporation and Ludwig Schwartz, respectively the biggest tea packers in Italy and Europe.

Meanwhile the acquisition of British Fish Canners has taken Premier into the fish sector. Newtime Food Products and Pickering's Foods have complemented preserves and canned food operations, and last February it bought the world-wide rights to the Allinson brand name on biscuits and breakfast cereals.

Purposes

The different acquisitions serve different purposes. In tea, they have taken Premier to the position where it is challenging Brooke Bond for market leadership. The Newtime acquisition has brought the company cereal manufacturing capacity, providing an interesting opportunity to exploit the Allinson brand. Pickering's is a neat fit with Chivers Hartley, and British Fish Canners takes the company into a new and expanding market.

Historically weak outside the UK, Premier is also pushing exports. The Jersey Trading Corporation and Ludwig Schwartz acquisitions have given it a foothold on the Continent, while the licence to the Cadbury's brand has given it an unusual opportunity to piggyback on the overseas marketing spend of Cadbury Schweppes. Cadbury's biscuits, launched in the north-east of the

US last year, are apparently already achieving market share close to UK levels.

In a sense, the easy part is over. Rationalisation and cost-cutting is one thing, say the analysts, but if the company is to tell a convincing story to the City next year, it will have to demonstrate an ability to come up with new products and line extensions to existing ones. One Cup and Chocolate Break, for all their success, were instigated before the buy-out.

Judge argues that it is better to concentrate on a small number of successful launches than to let concentration suffer through a scatter attack. "Most grocery product introductions fail, and we are rather keen not to have our products in that category."

But neither is the company sitting on its hands. Late last year it launched Cadbury's Chocolate Milk Drink, a single-portion drink in a carton; Chivers Fruit Cup - chopped fresh fruit in a yoghurt-style tub - is being test-marketed in Dublin; and repackaging of Cadbury's biscuits in fun packs and single-portion packs helped boost biscuit volume by 15 per cent last year.

Anyone hoping for a return of the much-loved Smash Martini television advertisements therefore appears doomed to disappointment. Says Judge: "To do a decent TV marketing campaign costs about £1m these days, and any spare millions we find is going to be spent on new products, not mature ones."

Employee participation

How to avoid the pitfalls

BY MICHAEL SKAPINKER

WHY DO employees pass up the chance to participate more fully in the running of their companies?

Although some attempts to involve staff have been successful, many more team briefings, consultative committees, suggestion schemes and quality circles eventually fizzle out due to lack of interest.

Jean Neumann of the Tavistock Institute of Human Relations in London says that a review of published case studies on the subject reveals that the employees who choose not to participate vastly outnumber those who do.

"Progressive managers, academics, politicians and trade unionists consider some form of participation essential for economic progress, political equity and human advancement," she says in a paper which will be published next year. "But the human beings in those systems frequently choose not to participate. Researchers and practitioners alike assume that people will welcome the opportunity to participate once management gets out of the way, but this is not always the case."

Some employees avoid participative structures entirely by not turning up to meetings. "Other people go through the motions of participating without the substance. They show up at meetings but sit silently."

Neumann's paper was distributed to senior managers from industry and the public sector at a Tavistock seminar on employee participation earlier this month. She told the seminar that some managers concentrate on personal factors when trying to account for employees' lack of interest: their staff are simply not the sort of people who need or want more influence over their work than they already have.

In her paper and in her talk to the seminar, however, she argued that many participation schemes fail because they are poorly thought out and badly designed. The reasons why they do so, she said, include the following:

● The participation scheme has no effect on the way in which decisions are made in the organisation. There is little point in encouraging employees to participate if their suggestions and recommendations are simply ignored. "As long as the real decisions of the organisation get made via the chain-of-command, the participative effort will be

perceived as less important than daily operations."

● The subjects under discussion are too distant from the employees' own work. Although employees do occasionally want to discuss the company's strategic direction, they are far more interested in matters which affect their own day-to-day jobs.

● The company's other human resources policies give the lie to the notion that the organisation values its employees. If staff feel they are badly treated or have to work in dirty surroundings they are unlikely to be enthusiastic about employee participation.

● The idea of participation does not accord with the way the corporate hierarchy operates. This is related to the first point. In the sort of organisation where staff are rewarded for doing what they are told, they are likely to hold back when suddenly asked to participate. "To (participate) requires breaking through all one has learned about how to survive

as a subordinate," said Neumann. "Participative decision-making requires talking back to the boss."

● Relations between labour and management are seen as adversarial. If employees have a union which has won concessions for them in the past, they might regard the participative forum as an attempt to undermine that union or its shopfloor representatives.

● The participative effort threatens middle management. Several of those at the Tavistock seminar pointed out that middle managers frequently feel that participation schemes undermine their own authority. As middle managers are often charged with the running of the schemes, they are sometimes also held responsible for their failure.

So how can participation schemes be made to work? Neumann and her Tavistock colleagues, along with the seminar participants, made the following points:

● The commitment to the participative scheme has to be seen to come from the top. Chief executives need to make it clear that they regard the participation scheme as vital to the success of the organisation. "If organisa-

tional leaders send mixed messages about their commitment to using participative decision-making, then they can expect mixed responses," said Neumann.

● The participation programme must be backed up by other aspects of personnel policy. For example, performance appraisal for managers should take account of the extent to which they have encouraged participation. "Reinforcement via the mechanisms associated with recruitment, selection, training, development, performance appraisal, compensation and sanctions communicates that the organisation takes participation seriously," Neumann said.

● Middle and line management must be involved in the design of the participation scheme. It is vital that they have "control over decisions which affect them as a prerequisite to their being able to use participative decision-making with subordinates," Neumann says.

● Indeed, once top management sets the direction for a participative scheme, the relevant unit leadership ought to shape the details of the scheme for their unit. Participating in making the decisions surrounding an impending change increases commitment to that change. Asking the powerless to empower others does not make sense. Middle managers and supervisors are themselves subordinates with whom participative decision-making must be used."

● Those who are going to lead participation groups need to be trained for the task.

● The parameters of the participation scheme need to be carefully laid out so that employees do not have unrealistic hopes about what can be achieved.

● Evidence exists that allowing involvement in decisions over which subordinates genuinely do not and cannot exercise control may be just as damaging as no participation at all," Neumann said.

● If employees sense that both the company and their immediate superiors are committed to the scheme, they are more likely to shed their reservations about participating. As Neumann says, "The more dialogue there is between managers and workers, the easier it will be for subordinates to understand that participation pleases bosses and the easier it will be to come to terms with the required changes in attitude and behaviour."

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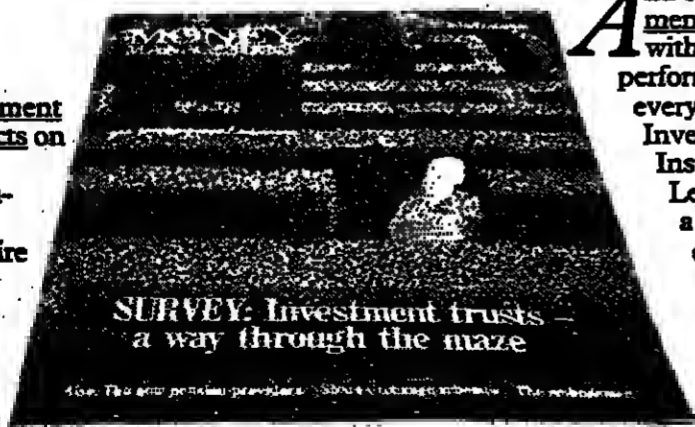
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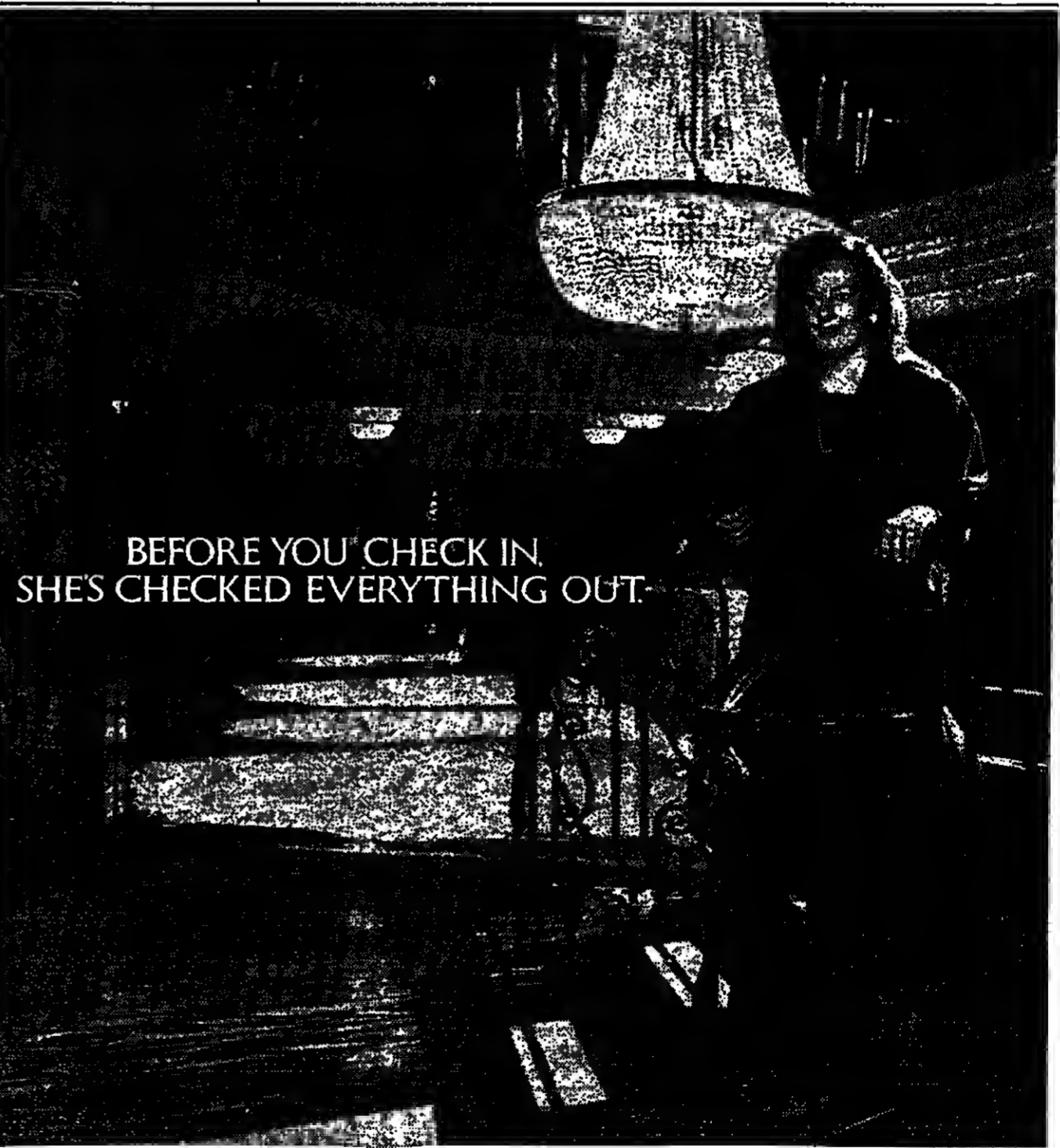
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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allied Banker Unit Trusts, and others, including their names, managers, and performance metrics.

Table listing unit trusts such as British Shipper & Co Ltd, British Shipper & Co Ltd, and others, including their names, managers, and performance metrics.

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Table listing unit trusts such as British Shipper & Co Ltd, British Shipper & Co Ltd, and others, including their names, managers, and performance metrics.

Crossword puzzle grid with clues for Across and Down. Clues include: '1 and 4 Maybe in great pain so start cure for heart disease', '2 Got Got soil moved for this expert', etc.

Table listing unit trusts such as British Shipper & Co Ltd, British Shipper & Co Ltd, and others, including their names, managers, and performance metrics.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

BRITISH FUNDS

Table of British Funds listing fund names, managers, and performance data.

BRITISH FUNDS - Contd

Continuation of British Funds table.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails listing international investment options.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing international and offshore investment vehicles.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues.

CORPORATION LOANS

Table of Corporation Loans listing corporate debt instruments.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans listing international debt.

LOANS

Table of Loans listing various debt instruments.

AMERICANS

Table of American Funds listing US-based investment options.

Money Market Trust Funds

Table of Money Market Trust Funds listing short-term investment vehicles.

Money Market Bank Accounts

Table of Money Market Bank Accounts listing high-interest savings options.

UNIT TRUST NOTES: Detailed notes regarding unit trust regulations and investor responsibilities.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, Bid, Offer, and Date.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, Bid, Offer, and Date.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for Stock, Price, Bid, Offer, and Date.

Hire Purchase, Leasing, etc.

Table listing hire purchase and leasing stocks with columns for Stock, Price, Bid, Offer, and Date.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, Bid, Offer, and Date.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, Bid, Offer, and Date.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, Bid, Offer, and Date.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for Stock, Price, Bid, Offer, and Date.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, Bid, Offer, and Date.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, Bid, Offer, and Date.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks with columns for Stock, Price, Bid, Offer, and Date.

ELECTRICALS

Table listing electrical stocks with columns for Stock, Price, Bid, Offer, and Date.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, Bid, Offer, and Date.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, Bid, Offer, and Date.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, Bid, Offer, and Date.

ENGINEERING - Contd

Table listing engineering stocks with columns for Stock, Price, Bid, Offer, and Date.

ENGINEERING - Contd

Table listing engineering stocks with columns for Stock, Price, Bid, Offer, and Date.

ENGINEERING - Contd

Table listing engineering stocks with columns for Stock, Price, Bid, Offer, and Date.

FOOD, GROCERIES, ETC

Table listing food and grocery stocks with columns for Stock, Price, Bid, Offer, and Date.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for Stock, Price, Bid, Offer, and Date.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for Stock, Price, Bid, Offer, and Date.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for Stock, Price, Bid, Offer, and Date.

INDUSTRIALS (Misc.) - Contd

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INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for Stock, Price, Bid, Offer, and Date.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for Stock, Price, Bid, Offer, and Date.

INSURANCE

Table listing insurance stocks with columns for Stock, Price, Bid, Offer, and Date.

LEISURE

Table listing leisure stocks with columns for Stock, Price, Bid, Offer, and Date.

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LONDON SHARE SERVICE

LEISURE - Contd

Table listing leisure companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Leisure Group, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table listing paper, printing, and advertising companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Paper & Printing, Advertising, etc.

TEXTILES - Contd

Table listing textile companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table listing oil and gas companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Oil & Gas, etc.

MINES - Contd

Table listing mining companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Mines, etc.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Motors, Aircraft Trades, etc.

PROPERTY

Table listing property companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Property, etc.

TOBACCO

Table listing tobacco companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Tobacco, etc.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table listing overseas traders with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Overseas Traders, etc.

PLANTATIONS

Table listing plantation companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Plantations, etc.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Commercial Vehicles, etc.

SHIPPING

Table listing shipping companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Shipping, etc.

SHOES AND LEATHER

Table listing shoes and leather companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Shoes & Leather, etc.

FINANCE, LAND, etc

Table listing finance, land, and other companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Finance, Land, etc.

MINES

Table listing mining companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Mines, etc.

THIRD MARKET

Table listing third market companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Third Market, etc.

COMPONENTS

Table listing component companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Components, etc.

SHOES AND LEATHER

Table listing shoes and leather companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Shoes & Leather, etc.

SOUTH AFRICANS

Table listing South African companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like South Africans, etc.

OIL AND GAS

Table listing oil and gas companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Oil & Gas, etc.

ASIA

Table listing Asian companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Asia, etc.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Regional & Irish Stocks, etc.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Newspapers, Publishers, etc.

TEXTILES

Table listing textile companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Textiles, etc.

ASIA

Table listing Asian companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Asia, etc.

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ASIA

Table listing Asian companies with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Asia, etc.

TRADITIONAL OPTIONS

Table listing traditional options with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Traditional Options, etc.

NOTES
Stock Exchange dealings classifications are indicated to the right of security names...

REGIONAL & IRISH STOCKS
The following is a list of regional and Irish stocks, the latter being quoted in Irish currency.

TRADITIONAL OPTIONS
3-month call rates

Table listing traditional options with columns for Stock, Price, Div, Yield, and Exch. Includes companies like Traditional Options, etc.

DIARY DATES

FINANCIAL

Trade Fairs and Exhibitions: UK

PARLIAMENTARY

TODAY COMPANY MEETINGS: Midland Hotel, New Street, Birmingham, 10.00...

1984/85 TR Portfolio Selection Fund Reg. Prd. Prt. 14p...

WEDNESDAY JUNE 22 COMPANY MEETINGS: British Telecom, 22nd Floor, 100 Broad Street, London...

THURSDAY JUNE 23 COMPANY MEETINGS: P. Group, Farmers' Hall, 9, Upper Trinity Lane, E.C. 12...

Current Royal Highland Show (031-333 2444) (until June 22) Exbn & Trade Centre, Edinburgh...

July 8-16 World Wine Fair (including gourmet food section) (01-729 0677) Bristol Exhibition Centre...

TODAY Commons: Criminal Justice Bill, completion of remaining stages. Motion on regulations covering the Wireless Telegraphy...

Next Steps: Witnesses: Mr Michael Heseltine MP and Mr John Garmet MP. (Room 19, 11.30 a.m.)

On April 18, 1988, HSN filed a lawsuit in the U.S. District Court in Tampa, Florida against among others, Dressel Burnham Lambert Incorporated ("Dressel")...

Amended Notice to All Holders of HSN's Eurodollar 5 1/2% Convertible Subordinated Debentures Due April 22, 2002

COMPANY MEETINGS: Associated British Foods, Cavendish Rooms, Great Queen Street, W.C. 1, 11.00

Financial Times/National Bank of Hungary: Doing business with Eastern Europe (01-825 2323)

Business and management conferences: June 21-22 Financial Times/National Bank of Hungary: Doing business with Eastern Europe...

Overseas Exhibitions: June 20-23 Pacific Transport Freight Distribution Exhibition and Conference (01-642 7688) Singapore

TUESDAY Commons: Remaining stages of the School Boards (Scotland) Bill. Motion on financial assistance to opposition parties.

Public Accounts: subject, Customs and Excise and Inland Revenue appropriation accounts. Witnesses: Mr A.M. Battishill...

Rentals: PIMLICO SW1 Delightful 1 bed flat overlooking the river in elegant Georgian fronted property...

Anscombe & Ringland: Home, Robinson Property Group

Sturgis: EXCELLENT Furnished and Unfurnished properties available for Long Company Lets.

Plaza Estates: WESTBOURNE TERRACE, W2 Bright and spacious 4th floor flat, newly carpeted and redecorated...

KENWOODS RENTAL: QUALITY FURNISHED FLATS AND HOUSES Short and Long Lets

NOTICE TO THE TRUSTEE AND THE HOLDERS OF CASIO COMPUTER CO., LTD. U.S.\$10,000,000 4 per cent. Convertible Bonds Due 2002

NOTICE IS HEREBY GIVEN in accordance with Article 7(1)(a) of the Trust Deed dated 9th June, 1988 (the "Trust Deed")...

Italian International Bank Plc US \$45,000,000 Subordinated Floating Rate Notes due 1996

SOCIETE GENERALE French "Banque Anonyme" Capital: French Francs 1,677,610,260

Art Galleries: LEGEN, 12 Old Bond Street (01-402 3505) GAMBROUX, 70 Old Bond Street (01-402 3505)

INTERMARKET FUND Societe Anonyme Siege Social : Luxembourg, 2, boulevard Royal R.C. Luxembourg B-8622

NOTICE OF REDEMPTION TO HOLDERS OF CREDITANSTALT - BANKVEREIN US \$75,000,000 15 1/2% Bonds due 1990

BANQUE NATIONALE DE PARIS Floating rate note issue of USD 225 million June 1987/96

HERON INTERNATIONAL FINANCE B.V. Issue of up to US\$150,000,000 Guaranteed Floating Rate Notes due 1993

NOTICE OF REDEMPTION TO HOLDERS OF CREDITANSTALT - BANKVEREIN US \$75,000,000 15 1/2% Bonds due 1990

LEGAL NOTICES: IN THE HIGH COURT OF JUSTICE No. D02278 of 1988 CHANCERY DIVISION

LEGAL NOTICES: NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 23rd May 1988...

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WORLD STOCK MARKETS

Table with columns for country (Austria, Belgium, France, Germany, Finland), date (June 17), and price. Lists various stock indices and their values.

Table with columns for country (Italy, Sweden, Switzerland, South Africa, Australia), date (June 17), and price. Lists various stock indices and their values.

Table with columns for country (Canada), date (June 17), and price. Lists various stock indices and their values.

Table with columns for country (Japan), date (June 17), and price. Lists various stock indices and their values.

Table with columns for country (New York), date (June 17), and price. Lists various stock indices and their values.

OVER-THE-COUNTER

Table with columns for stock name, price, and change. Lists various over-the-counter stocks and their market data.

Table with columns for country (Japan), date (June 17), and price. Lists various stock indices and their values.

Table with columns for country (New York), date (June 17), and price. Lists various stock indices and their values.

Advertisement for F.T. magazine featuring the headline 'Have your F.T. hand delivered in Norway' and '12 ISSUES FREE'. Includes contact information for Heidi Aastorp.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Close, and Change. Includes sub-sections for 'Continued from previous page' and '12 Month High Low Stock'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, High, Low, Close, and Change. Includes sub-sections for '12 Month High Low Stock' and '12 Month High Low Stock'.

OVER-THE-COUNTER

Table of Over-the-Counter market data with columns for Stock, High, Low, Last, and Change. Includes sub-sections for '12 Month High Low Stock' and '12 Month High Low Stock'.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Looking for G7 reassurance on rising inflation

BY JONAS CROSLAND

TWO VIEWS are emerging from the current G7 summit...

response to market forces, the recent rise in interest rates...

to admit last week that a 50bn dollar budget deficit...

price data, and a limit up movement on recent trading days...

Mr Reagan needs to ensure that the trust built up, notably with Japan, is not compromised...

That said, it would be naive to expect the G7 finance ministers in Toronto to support unambiguously a final communiqué...

£ IN NEW YORK

Table with columns: Date, Rate, Change, Previous Date

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, % change

STERLING INDEX

Table with columns: Date, Index, Change, Previous Date

CURRENCY RATES

Table with columns: Currency, Rate, Change

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Date, Rate, Change, Forward Rates

CURRENCY MOVEMENTS

Table with columns: Currency, Movement, Change

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Rate, Change

OTHER CURRENCIES

Table with columns: Currency, Rate, Change

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, Change

FORWARD RATES AGAINST STERLING

Table with columns: Term, Rate, Change

MONEY MARKETS

THE CALL for higher interest rates in leading industrial nations has probably been as clear in London as anywhere else...

show that the fine balance between economic expansion and overheating has been badly from the Treasury's script.

sure is likely to be arrested by an increase in interest rates.

ther with the start of around 50bn of budget handouts coming through in June pay packets.

The alternatives are even less palatable. Mini-budgets in the autumn have become politically delicate, and the ruling Conservative government may want to wait until next year's annual exercise to tighten its grip.

FT LONDON INTERBANK FIXING

Table with columns: Term, Rate, Change

MONEY RATES

Table with columns: Term, Rate, Change

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns: Term, Rate, Change

LONDON MONEY RATES

Table with columns: Term, Rate, Change

WEEKLY CHANGE IN WORLD INTEREST RATES

Table with columns: Term, Rate, Change

LONDON RECENT ISSUES

EQUITIES

Table with columns: Stock, Price, Change, Previous Day

FIXED INTEREST STOCKS

Table with columns: Stock, Price, Change, Previous Day

"RIGHTS" OFFERS

Table with columns: Stock, Price, Change, Previous Day

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Price, Change, Previous Day

BASE LENDING RATES

Table with columns: Bank, Rate, Change

FT - ACTUARIES WORLD INDICES

Table with columns: Index, Value, Change, Previous Day

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